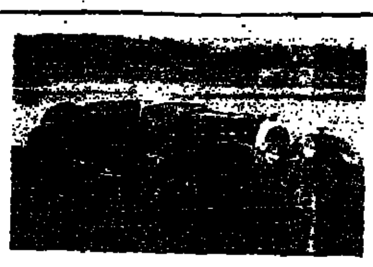
WeekendFT

Inside Section II
20 pages

A tour de France
From the catwalk to the bathtub, from Ushant to Avignon, the French are *different*. Nicholas Woodsworth and the FT's Food and Travel writers explain why. *Pages I, VII, XIV & XV*



Classic bargain
The market for vintage cars has been sluggish and keen prices are still to be found *Page IX*

Heirs without tears
How to pass on wealth without wasting assets. *Page III*

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Own goals
The saga of errors that undermined Tottenham Hotspur Football Club and may force the sale of Paul Gascoigne *Page XX*

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

China and UK nearer to deal on HK airport

China and Britain have paved the way for a deal on the construction of Hong Kong's proposed HK$100bn (£7.4bn) airport after UK Foreign Secretary Douglas Hurd said he was willing to make an important concession to Peking on the level of the colony's reserves.

News of the deal emerged after a day of tough talking, during which China is said to have agreed to Mr Hurd's request that work should be speeded up on detailed arrangements for its resumption of sovereignty over Hong Kong in 1997. Page 22

Peru earthquake kills 35
At least 35 people died and more than 750 were injured as an earthquake measuring 6.2 on the Richter scale shook north-eastern Peru, badly damaging several towns.

The epicentre was 30km northwest of the town of Moyobamba, the site of a strong earthquake last year which killed more than 100 people.

ANC talks threatened
African National Congress leader Nelson Mandela threatened to break off power-sharing talks with President F. W. de Klerk unless he sacked his top security ministers and took other measures to end township violence. Page 2

Baker plans peace trip
US Secretary of State James Baker is to return to the Middle East to explore scope for advancing Arab/Israeli peace initiatives. Page 22

Bombs at Arndale centre
Anti-terrorist squad officers were called in after nine firebombs went off in seven stores in or near Manchester's Arndale Centre, Europe's biggest indoor shopping mall. Damage was said to minimal.

Sacramento shop siege
Three gunmen and three hostages were killed when police stormed a shop in Sacramento after an eight-hour siege.

Policeman shot dead
Two gunmen shot dead a Turkish policeman in Istanbul. Left-wing revolutionary group, Dev-Sol, claimed responsibility for the killing.

Warning on ozone layer
The ozone layer is being depleted twice as fast as previously assumed, the US Environmental Protection Agency said. Page 3

Teachers against testing
A third teachers' union voted to support members who refuse to carry out testing of seven-year-olds. Page 5

Volcano erupts
Philippine volcano Mount Pinatubo, dormant for six centuries, has exploded forcing 2,000 villagers living on its slopes to flee.

Animal traffic promise
Thailand, rebuked by conservationists as the worst country in the world for illegal trade in endangered wildlife, vowed to smash the illicit traffic.

Hotelier leaves £16m
Hotelier Alex Callaghan left more than £16m in his will. A former purser on the Queen Elizabeth owned a chain of hotels including the Riviera in Bournemouth.

National deemed 'safe'
The Grand National has been approved by the RSPCA after a "trial run" was held safely. A worldwide TV audience of 400m is expected to tune in to the Aintree race today.

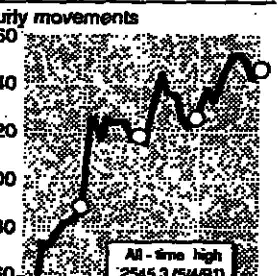
BUSINESS SUMMARY

London share prices rise to new heights

Expectations about interest rate cuts drove share prices in London to new heights for the third day running.

The speculation was helped by news of a higher than expected rise last month in US unemployment. Many traders believe this may lead the US Federal Reserve to cut the country's interest rates, giving UK monetary authorities added scope to ease borrowing.

FT-SE 100 Index
Hourly movements



In London, the FT-SE 100 share index closed 20.8 higher at 2,455.3. A new trading high of 2,552.1 was reached about lunchtime. Lex, Page 22; London stocks, Page 13; US jobless, Page 3; Editorial comment, Page 6

OCCIDENTAL: A secret auction is under way for the North Sea assets of Occidental, the UK arm of the indebted US company Occidental Petroleum, which could result in a sale worth over $1bn. Elf Aquitaine, the French oil and chemicals group, Enterprise Oil, the UK exploration company, and Arco, the US oil operator, are understood to be in the bidding. Page 22

FRANCE is to open the way for further partial privatisations making it easier for financially hard-pressed state companies to raise fresh capital and find private industrial partners. Page 22; Credit Lyonnais close to link with Commerzbank, Page 10; Lex, Page 22

SKANDIA, Sweden's largest private insurance company, saw a decline in profits to SKr554m (£51.5m) in 1990 from SKr1.679bn the previous year. Page 10

CBS, US media group, is to shed 400 jobs after unveiling a first-quarter operating loss of $54.6m (£30.8m), compared with operating income of $89.1m a year ago. Page 10

POLLY PECK International: Christopher Morris, one of the three administrators handling the affairs of Polly Peck International, has applied to the High Court for a compulsory winding up order on South Audley Management, the property services company raided by the Serious Fraud Office last September. Page 8

UK new car sales fell by 19.11 per cent to 168,854 last month, sharply down on the same month last year and at their lowest level for any March since 1981. Page 4

World watch

A weekly selection of world economic indicators is to feature in the FT every Monday, beginning next week. It will appear on the foreign pages and provide in-depth statistical coverage of the six largest market economies.
Once every three months, beginning on Monday, a National Accounts table will give all the key indicators for these economies in a comprehensive package.

Relief effort mounts as UN prepares condemnation of Saddam

Up to 1m Kurds try to flee from Iraq

By **John Murray Brown** in Cukurca, **Michael Littlejohns** in New York and **William Dullforce** in Geneva

UP TO 1m Kurdish refugees were said yesterday to be besieging Iraq's borders with Turkey and Iran as the international relief effort gathered pace.

Consultations continued at the United Nations on a tough resolution condemning President Saddam Hussein's regime. The UN Security Council, stung by widespread criticism of its inaction over the fate of the Kurds, last night considered proposals for a resolution which would demand an immediate end to Iraqi repression.

In Brussels, Nato issued the toughest statement by any international body since the plight of the Kurds became clear. It accused Iraq of "massive violations of human rights" and said Baghdad must halt its attacks on the Kurds, but offered no prospect of military action within Iraq.

Britain last night was preparing for a second mercy flight from Gatwick airport to take 20,000 blankets to the refugees. An Anglo Cargo Airlines Boeing 707 had earlier delivered 750 tents, blankets and children's clothing to Ankara in Turkey.

Lack of accurate information about the Kurds' exodus is delaying UN efforts to provide relief. A team from the International Committee of the Red Cross was travelling from Baghdad to northern Iraq with urgent medical supplies, but primarily to assess relief needs.

The ICRC warned yesterday that a "public health catastrophe of immense proportions" threatened southern Iraq. A drastic shortage of drinking water had led to a dramatic increase in diarrhoea among children, often resulting in death, but the whole civilian population was at risk, the ICRC said.

Separately, UN agencies appealed to donor countries for $137m (£77m) in fresh funding to implement a plan that would provide aid for up to 400,000 of the refugees fleeing from northern Iraq.

Turkey and France were yesterday trying to co-ordinate a plan to ship relief food directly into Iraq. Mr Bernard Kouchner, France's state secretary for humanitarian action, said at the Turkish border town of Cukurca that he was trying to organise a new route to send food to an estimated 250,000 refugees approaching the Turkish border. The border, however, appeared to be closed during a tour of the refugee sites.

In Ankara, Mr Turgut Ozal, the Turkish President, agreed relief should be provided within Iraq but last night actual details of the plan – which France proposed this week to the UN – had still to be agreed.

Both China and India believe such a resolution would create an awkward precedence in sanctioning interference in a country's internal affairs.

After consultations at the UN on Thursday on a resolution to condemn the Iraqi regime, Security Council members scheduled further private discussions last night. Diplomats said they expected these to lead to a formal meeting and adoption of measures to deal with the crisis.

A draft proposal by France said that the consequences of Iraqi repression of civilians, "including most recently in Kurdish-populated areas," threatened international peace and security, a provision which could be seen to override the rule against interference.

The proposal would include a demand that Iraq immediately end the repression and allow immediate access by international humanitarian organisations to those in need of help.

Red Cross warns, Page 2

One of the Kurdish protestors who occupied the Iraqi embassy annex in London yesterday is arrested by riot police, write Andrew Jack and Louise Hidalgo.

British-based Kurds stormed the embassy to demand an end to President Saddam Hussein's attacks against their people.

They hurled documents into the street during a four-hour occupation of the offices of the Iraqi military attaché. An Iraqi flag was burnt at one of the windows. The protestors said the building contained bullets, grenades and bombs.

Fourteen men were led out in handcuffs by armed police. A further twelve men had been arrested trying to enter the building earlier when up to fifty Kurds overpowered four policeman and broke into embassy premises in Queens Gate, Kensington.

Mr Zuhair Ibrahim, the Iraqi chargé d'affaires, said he and his two staff were safe in the adjacent embassy building. He denied that it contained any weapons, and said the documents scattered outside contained no secret information.

There were Kurdish protests in several European cities. In Istanbul one demonstrator was killed and two wounded by shots from the Iraqi consulate.

Student loans scheme may go

By Andrew Adonis

THE GOVERNMENT is considering replacing the controversial student loan scheme with a new arrangement under which loans would be re-paid by students after graduation in higher national insurance contributions.

This is the most radical proposal in a package of ideas drawn up by members of an education working group for inclusion in the next Conservative manifesto. The group was chaired by Mr Kenneth Clarke, the education secretary.

Ministers are keen to regain the initiative on education from the opposition. If implemented, the package could prove as radical and controversial as that carried through by Mr Kenneth Baker in the Education Reform Act of 1988.

The group, including leading Conservative educationalists, has also suggested broad reforms of teacher training and higher education finance, along with changes to testing and the national curriculum.

The most far-reaching of the suggestions concern higher education. Senior Conservatives are known to be worried about the operation of the scheme, under which maintenance grants are "topped up" by government loars.

The scheme has only been in place for a year, but is already proving much more costly than originally envisaged. Unless remedied, this could prove a significant obstacle to the expansion of higher education in the next decade.

One idea favoured by group members is for it to be replaced by loans which would be repaid by students through an extra national insurance contribution of at least 1p in each pound over many years following graduation.

Mr Clarke is also considering measures to abolish the division between polytechnics and universities, and to achieve a big shift of state funding for higher education away from grants to institutions towards fees for students.

Details, Page 4

Yeltsin wins enough power for direct challenge to Gorbachev

By **John Lloyd**, Moscow Correspondent

MR BORIS YELTSIN, the Russian leader, yesterday won much of the power he needs to mount a direct challenge to President Mikhail Gorbachev. In the last day of the extraordinary session of the Russian parliament, Mr Yeltsin drove through a resolution which confers upon him special powers to legislate and issue decrees, and a commitment to hold a popular election for his post on June 12. He was chosen by the parliament last year.

The show of support for the Russian president – who secured 607 votes for the resolution, with 228 against – marked a remarkable turnaround by the Congress of People's Deputies. The communists had called an emergency session last week in an attempt to oust Mr Yeltsin.

Snatching victory from what had seemed to be a stalemate, Mr Yeltsin and his allies have put themselves at the head of all radical forces in the Soviet Union: of the Russian democrats, the striking miners and the republican nationalists. It is precisely the outcome which Mr Gorbachev has warned could lead to civil war.

The election of the Russian president will be preceded by a new session of the federation's parliament, starting on May 21. That parliament must pass a constitutional change, by a two-thirds majority, to authorise the presidential election.

It is thus possible that Mr Yeltsin will be denied the prize at the last hurdle, though not even his political enemies were predicting that last night.

The weakness of the central government was underscored yesterday, when it became clear that most miners were not returning to work. This was in spite of being granted a 100 per cent pay rise following two days of talks with Mr Gorbachev and Mr Valentin Pavlov, the Soviet premier, which ended on Wednesday.

Meetings of strike committees in the Kuzbas, Donbas and Vorkuta minefields, yesterday all issued defiant rejections of the "deal" which had been signed with fanfares in the Kremlin. The miners repeated that their political demands for the resignation of Mr Gorbacehv and the Supreme Soviet, remained a priority.

Though these messages still have to win the backing of the rank and file in the pits, it seems likely the proportion of miners now on strike – about one third – will stay out.

The settlement is extraordinarily high by Western standards, but miners have no more to buy in the desolate shops than anyone else. As the pay rises are linked to production improvements, the miners may regard the deal as a ruse.

During the nine days of the special congress, sentiment shifted heavily towards Mr Yeltsin.

The Communists who had opposed him showed their inability to suggest alternatives; the liberal Communists made clear their support for him; and most of all, Soviet price rises started biting and supplies failed to improve.

Decks cleared, Page 3

MARKETS

STERLING
New York lunchtime:
$1.77
London:
$1.7785 (1.7845)
DM2.9775 (2.975)
FFr10.075 (10.0725)
SFr2.51 (2.5025)
Y242.5 (243.0)
£ Index 92.8 (92.7)

GOLD
New York: Comex Jun
$361.8 (361.7)
London:
$357.5 (359.05)

NORTH SEA OIL (Argus)
Brent May
$18.6 (+0.15)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.682
FFr5.6955
SFr1.4215
Y136.9
London:
DM1.6735 (1.667)
FFr5.665 (5.645)
SFr1.412 (1.4025)
Y136.3 (136.25)
$ Index 64.8 (same)
Tokyo close: Y136.3

US LUNCHTIME RATES
Fed Funds 5.87%
3-mo Treasury Bills: yield: 5.67%
Long Bond: 96$\frac{3}{32}$
yield: 8.15%

STOCK INDICES
FT-SE 100:
2,545.3 (+20.8)
FT Ordinary:
2,014.5 (+7.3)
FT-A All-Share:
1,232.32 (+0.7%)
New York:
DJ Ind. Av.
2,888.61 (-35.89)
S&P Comp
374.74 (-5.93)
Tokyo: Nikkei
26,767.33 (+77.52)

LONDON MONEY
3-month interbank:
closing 12$\frac{5}{32}$% (12$\frac{5}{16}$)
Liffe long gilt future:
Jun 92$\frac{3}{4}$ (93$\frac{1}{32}$)

SELLING PRICE IN IRELAND 80p, IN MALTA 45c

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INTERNATIONAL NEWS

More than half of US backs Bush policy

By Peter Riddell, US Editor, in Washington

JUST OVER half the American public backs President George Bush's policy of not intervening militarily in the Iraqi civil war.

According to a Washington Post/ABC News poll, the margin against trying to help the Iraqi rebels overthrow President Saddam Hussein is 51 to 45 per cent.

Of those favouring intervention, large majorities favour going after Iraqi helicopters, providing food and military weapons to the rebels and even resuming the bombing of Iraqi military forces. But only a minority of the 45 per cent support resuming the ground war to help rebel forces.

A USA Today poll shows 55 per cent agreeing that the US should not be involved in fighting between Iraqi troops and Kurdish rebels.

Exactly half do not believe the US has a responsibility to protect Kurdish rebels from Mr Saddam's armies.

The polls show divisions on whether the US ended the ground war too soon or should have ousted Mr Saddam.

In general, support is still strong for Mr Bush, although down from the record levels at the end of the war five weeks ago. The USA Today poll shows the president's general approval rating has fallen from 91 to 80 per cent since the end of February, but that is still very high. Moreover, the vast majority of Americans still feel proud about the outcome of the war.

There is rumbling unease in Congress about the US standing on the sidelines while Iraqi rebels are killed.

Mr Henry Hyde, a Republican congressman, warned that the Democrats could "gain the moral high ground if the administration plays out Hungary in 1956 and Prague in 1968 all over again."

The administration has also appeared slow to match European initiatives to increase emergency relief for Kurdish refugees, although the State Department is planning to send more food and supplies to those already in Turkey.

Red Cross warns that whole civilian population at risk from polluted drinking water

South Iraq faces 'health catastrophe'

By Mark Nicholson in Safwan, southern Iraq, and William Dullforce in Geneva

A "PUBLIC health catastrophe of immense proportions" threatens southern Iraq, the International Committee of the Red Cross warned yesterday.

A drastic shortage of safe drinking water had led to a dramatic increase in diarrhoea among children, often resulting in death within a few hours, the ICRC said in a communiqué. But the whole civilian population was at risk, a spokesman added.

The risk of epidemics was increasing daily in the south as temperatures rose, the ICRC said in an appeal to the international community to mobilise urgently "far greater means" to prevent the situation developing into a long-term disaster.

No accurate estimate of the number of deaths caused by polluted water was available, a spokesman said. But the first indications from a team, including doctors, which had recently arrived in Basra had been so alarming that the ICRC had felt it necessary to call the attention of governments to the situation.

The whole non-occupied area of southern Iraq, including the holy cities of Karbala and Najaf, was affected by the shortage of clean drinking water. The electricity network had been destroyed during the war, sewage stations no longer functioned and the remaining water system had to be chemically purified.

Meanwhile, up to 2,000 Iraqi refugees are pouring daily into makeshift camps in occupied southern Iraq to seek sanctuary from President Saddam Hussein's forces. But they may find themselves stranded in Iraq after the US withdraws.

Most of the Iraqis, who arrive by the truck-load starving and bedraggled, are received in a US Army-run camp which was set up last week. Troops said yesterday the number of refugees had already topped 10,000.

More than 1,800 Iraqis arrived yesterday at the camp, where US forces are providing drinking water, Army-issue meals and supplies of flour, lentils and milk. Tents have been provided for a medical clinic and temporary mosque.

US military police are even patrolling the area between the camp and the town of Safwan after disturbances between the locals and the refugees last week.

However, the camp lies in occupied Iraqi territory and there is no guarantee that the refugees will find any long-term shelter there after a US withdrawal behind the Kuwaiti border in accordance with the UN-negotiated ceasefire.

Representatives of the UN High Commissioner for Refugees will visit the camp on Tuesday to discuss how to deal with the huge influx of Iraqis and the International Committee of the Red Cross is also debating the possibility of taking the camp into its own hands following a US withdrawal.

But even if the camp remains under UN or Red Cross auspices after a formal ceasefire, refugees appear to face little choice but to return eventually to Iraq, since Kuwait has made clear that it will not accept the Iraqis.

The refugees themselves are desperate to avoid that, most fearing that a return to Iraq would entail likely death or torture. One said yesterday: "I would go to any country, even Israel."

Major Tom Grubbs, one of the camp's organisers, said that his soldiers would have regrets about leaving the camp but in the end must simply obey their orders.

"A few of the refugees said they'll cling to our tanks as we leave," he said.

Several hundred Iraqis are also being sheltered at a Kuwaiti Red Crescent camp a few hundred metres south of the US facility, which is also over the Iraqi border.

The Iraqis have been separated from up to 3,000 Egyptian and other nationals who are also seeking refuge from Iraq but have not been permitted to enter Kuwait.

Officials from the UN International Organisation of Migration yesterday began the process of settling most of these refugees in third countries. However, the officials said there was nothing they could do for the camp's Iraqis.

Oil pollution unlikely to halt monsoons

K.K.Sharma, Farhan Bokhari and David Thomas on the impact of Kuwait's fires

THE Indian Government yesterday decided to send teams of scientists to the Himalayas to investigate reports that "black snow", caused by burning Kuwaiti oil wells is falling in Kashmir and Himachal Pradesh.

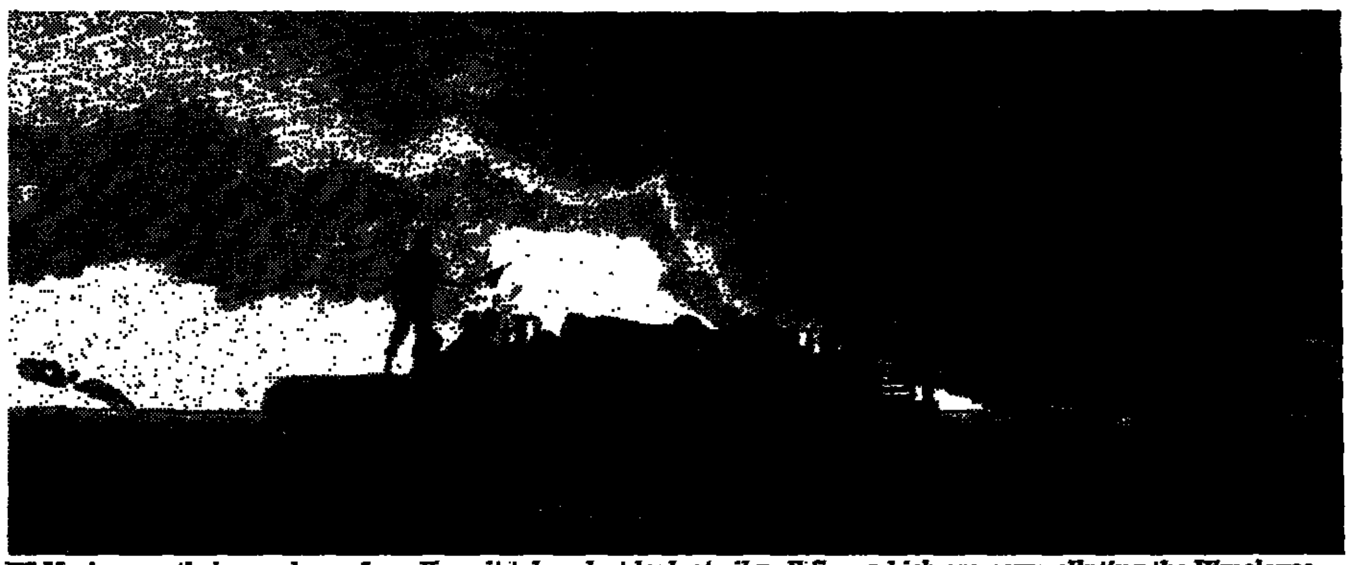
Nevertheless, India's Ministry of the Environment has concluded that the Kuwaiti oil fires will not disrupt the monsoons, the worst fear raised by ecologists about the consequences of the Gulf War.

Besides the reports of black snow, the Indian scientists will also study reports that a layer of "dark and oily" snow was noticed by skiers at Gund in Kashmir state at altitudes of about 5,000 metres.

In addition they will look at the impact of soot from the fires on cloud formation in the region.

Soot deposited by the fires is likely to be accompanied by acid rain pollution, which could damage crops.

Scientists believe that Iran and Iraq itself are most vulnerable to this form of damage, given their relative closeness to the fires.



US Marines on their way home from Kuwait take a last look at oil well fires which are now polluting the Himalayas

Paradoxically, however, black rain deposits are in one sense a positive sign because they suggest that the smoke plume from the fires is not reaching the upper atmosphere. This could have had a widespread impact on the region's climate.

A scientific team from the UK Metereological Office which has just returned from the Gulf found that the smoke plume, which at its most concentrated is 40km wide and 4km high, is not reaching the upper atmosphere.

Preliminary studies of the pollution by the UK team suggests that the Kuwaiti oil is burning at the rate of about 1.5m barrels a day (b/d), roughly equivalent to Kuwait's pre-invasion production, rather than the recent 6m b/d estimate emanating from Kuwait.

Dr Keith Browning, the Met Office's director of research, stressed yesterday that this was a preliminary estimate, which the Met Office intended to investigate further during the next few weeks.

The UK scientists also found concentrations of smoke as high as 30,000 particles per cubic centimetre, much worse than anything usually found in the UK. They are also studying evidence of concentrations of ozone at distances of about 100km from the fires, which could cause respiratory problems.

Mr Yaqub Khan Nasar, Pakistan's environment minister, also said yesterday that his government would intensify its efforts to monitor the impact of the Middle Eastern environmental disaster on his country.

His statement came three days after the first black rain was reported from the south-western province of Baluchistan.

This was the first sign that the Middle East tragedy could pollute Pakistan. The environment minister had ordered a government investigation to assess the full extent of any possible environmental damage to Pakistan.

Mr Nasar said Pakistan would receive Japanese assistance in the form of new equipment worth Rs350m (£8.9m) to monitor the effect of the Persian Gulf oil slick and fire at the burning Kuwaiti oil wells.

The Indian authorities are forecasting below average monsoons in the region this year, but say this is unconnected with the Kuwaiti oil fires.

They consider the impact of the fires to be "too localised" to have an impact on the monsoon.

Mandela threat to halt talks with government

By Michael Holman and Patti Waldmeir in Johannesburg

MR NELSON MANDELA, deputy leader of the African National Congress, yesterday threatened to suspend talks on a post-apartheid constitution for South Africa.

The ANC national executive issued an open letter to the President F.W. de Klerk and his cabinet, giving a seven-point ultimatum demanding steps to be taken by the government to halt violence which has left at least 5,000 people dead in the past four years.

It called for the dismissal of Mr Adriaan Vlok, law and order minister, and of General Magnus Malan, defence minister; the dismantling of all counter-insurgency units; and the immediate suspension of policemen implicated in two incidents where police killed ANC supporters.

Other conditions included: a demand for legislative measures to outlaw the carrying of weapons at public gatherings; a ban on the issue of live ammunition to police at such events; steps to phase out single-sex worker hostels; and an independent commission of inquiry to investigate complaints of misconduct by the security services.

The document sets a deadline of May 9, after which the ANC would suspend further discussion with Pretoria on a so-called All Party Congress, which is to be convened later this year to discuss the peace process. It would also suspend "all exchanges with the government on the future constitution of our country."

Asked whether the ultimatum posed the most serious threat to the peace process since his release from prison, Mr Mandela replied: "Oh yes, it's a very serious threat."

This toughening of the ANC position reflects the fact that, despite recent peace overtures to Chief Mangosuthu Buthelezi of the predominatly Zulu Inkatha Freedom Party, its main political rival, the ANC is unable to deliver peace in black townships. Mr Mandela yesterday accused the government of "complicity and connivance in the massacres". The document adds: "It is inconceivable that the authorities lack the capacity or the skill to prevent" the violence.

The ANC faces a growing credibility problem among its supporters, on the one hand accusing the government of involvement in the violence while continuing to negotiate.

"We keep issuing bland statements (about the violence)," said one senior ANC official. "The time has come for us to show our teeth."

While President de Klerk may respond positively to some of the ANC demands, he seems unlikely to sack the two ministers, a move which would infuriate right-wing whites. Mr Mandela, however, left the way open for a compromise, saying he was prepared to discuss the demands with Pretoria before the deadline.

Legal path may lead to dead end

By Robert Rice, Legal Correspondent

COMPANIES AND individuals which claim to have been wrongly included in the US list of alleged "fronts and agents" of the Iraqi government have little recourse against the US Treasury, according to US legal sources.

Several of those on the list have indicated they will sue for compensation, among them Qudos, a UK technology company, Reynolds and Wilson, a UK engineering company, and Mr Joachim Ferreira Amaro, president of the Banco Brasileiro-Iraquiano (BBI) who is named along with six members of his staff past and present.

US lawyers said yesterday however, that the Treasury seemed to have acted under the broad powers given the US administration under the Trading with the Enemy Act, and there was no administrative procedure governing the Treasury's action. Therefore, the only course open to companies which felt they had been wrongly named would be to bring an action in a US District Court to have their names removed from the list.

According to Mr Charles Brower, a partner of US lawyers White & Case who has served in the US State Department and was a deputy special counsellor to President Reagan, their chances of recovering damages are slim as the US government is in general protected from such actions by sovereign immunity.

There are a several exceptions to this immunity listed in the Federal Tort Claims Act , but "off-hand, I would say none of them applies here," he said.

A company might still be able to bring a successful action for damages against the individual Treasury official responsible for placing its name on the list. Actions against officials in their personal capacity are on the increase in the US but can involve the parties in lengthy and costly litigation.

Peking tries to hide the evidence

By John Elliott in Peking

STONEMASONS were chipping away yesterday at the Martyrs' Memorial in Peking's Tiananmen Square, erasing politically embarrassing evidence of the army's brutal crushing of the student demonstrations almost two years ago.

While Chinese all over the world celebrated the festival of Qing Ming – the day of the dead, when ancesters are worshipped and tombs cleaned – masons carefully repaired the monument's steps which were damaged by a tank on June 4, 1989.

Under a clear sky the square looked in festive mood with more than 150 bright red flags flying from the roofs of the Hall of the People and other vantage points to mark the current session of China's National People's Congress.

Carved stone balustrade around the monument was being replaced and grass laid to soften the area. Officials say the steps and nearby pavement have been worn down by regular wear and tear. The truth, however, is the government found it impossible to erase all the tank marks.

So, three weeks ago, the stonemasons and other building labourers moved in, setting up shop round the memorial with their industry's international trademarks: a corrugated iron shed, a small fork lift truck to carry paving slabs, a three-legged hoist to lower the slabs into place – and a brazier on which to brew tea.

Crowds of Chinese visitors to the square yesterday stood expressionless, watching the stonemasons at work. They, in turn, were closely watched by police and other security personnel to ensure there was no demonstration in memory of the students who died in June 1989.

Last year, the square was closed for the Qing Ming festival to prevent protests. But student defiance has been quelled – at least for the time being – and the mood has eased since then: a year ago it would have been inconceivable for the stonemasons to have chipped away at the memorable tank marks on such a day.

Western oil demand up in first quarter

By Deborah Hargreaves

WESTERN OIL demand rose by 100,000 barrels a day in the first quarter to 38.4m b/d, according to the latest monthly report by the International Energy Agency. The agency expects world demand to increase by 200,000 b/d this year to 65.9m b/d, and for all of the rise in consumption to come from non-OECD states.

Demand remains depressed by the US recession and consumption fell in North American by 400,000 b/d in the first quarter to 18.5m b/d.

The IEA reports world oil output in the first quarter at 67.8m b/d, compared with from an average 66.6m b/d last year. Production by Organisation of Petroleum Exporting Countries rose slightly in March to 23.2m b/d, from 23m b/d in February, according to the report, which puts output for the quarter at 23.1m b/d.

Opec has agreed to cut its production to 22.3m b/d in the second quarter when world demand is expected to be low.

The IEA believes stocks of oil built up in floating storage during the Gulf crisis have been drawn down slightly in the past couple of months. Iran and Saudi Arabia are estimated to have 100m-110m barrels in floating storage and transit, against 120m at the end of January.

Soviet oil production continues to decline, according to the agency. It dropped by 8-9 per cent in the first two months to 11m b/d and is expected to fall a further 6 per cent this year to 10.9m b/d.

The IEA says its contingency plan to make 2.5m b/d of oil available to world markets during the Gulf war helped to buoy public confidence at a critical time.

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EDUCATION/TRAINING

PENSION FUND INVESTMENT

The FT proposes to publish this survey on 18th April 1991.
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FT SURVEYS

INTERNATIONAL NEWS

Growth in US jobless dents recovery hopes

By Michael Prowse in Washington

HOPES of an early economic recovery in the US were dented yesterday by news of a sharp rise in unemployment.

In a bleak report, the Labour Department said the unemployment rate rose from 6.5 per cent to 6.8 per cent last month, the highest level in 4½ years. The number of unemployed rose by 410,000 to 8.6m.

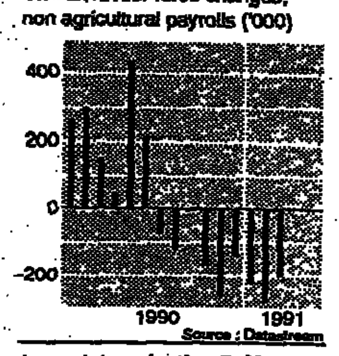
The lengthening dole queues reflect a sharper than expected decline in employment. The number of non-farm payroll jobs fell by 206,000 in March to 109.3m, providing stark confirmation of the recession's continuing momentum. Forecasters had expected a decline of only about 150,000.

Figures for February were also revised sharply to show a decline of 291,000 compared with a previous estimate of 184,000. This made February one of the worst months of the recession which began late last summer.

The sharp contraction in March is not inconsistent with the consensus forecast of economic recovery this summer. But it will dampen optimism fed by a string of encouraging statistics, including signs of a recovery in the housing market and a surge in consumer confidence following the military victory in the Gulf.

US Employment

Civilian labour force changes, non agricultural payrolls ('000)



Source: Datastream

It will also increase pressure on the Federal Reserve, the US central bank, to cut interest rates again. Several regional Fed presidents, however, are reported to oppose further easing until clear signs emerge of a fall in the underlying rate of inflation, which remains above 5 per cent.

Dr Janet Norwood, head of the Bureau of Labour Statistics, said the figures indicated "no abatement in the rate of job loss." Since last September, 1.3m non-farm jobs have disappeared.

Job cuts are concentrated in manufacturing, construction and trade. Factory payrolls fell by 90,000 last month to 18.4m; the largest declines were in durable goods industries. About 1.2m manufacturing jobs have gone since early 1989.

Employment in construction fell by 70,000 to 4.8m. About 10 per cent of the industry's jobs have disappeared since last May.

Employment in the normally resilient service sector is also falling: the retail and wholesale trades have lost nearly ½m jobs since last summer.

The unemployment rate of 6.8 per cent compares with 5.3 per cent last June. Analysts say the jobless rate would probably be about 8 per cent but for demographic trends that have sharply reduced the rate of growth of the labour force.

Even so, jobless rates for some groups are already high. The rate for all teenagers is 18.7 per cent; the rate for black teenagers 38.6 per cent.

Mr Alan Sinai, chief economist at The Boston Company in New York, said the figures were "bleak, dismal, discouraging" and should put an end to Washington talk of a "short, shallow recession."

Kaifu and Bush after talks in California yesterday

Speed of ozone depletion 'doubled'

By Peter Riddell, US Editor, in Washington

THE ozone layer, which protects the earth from harmful ultraviolet rays, is being depleted twice as fast as previously assumed, risking a sharp rise in deaths from skin cancer and serious damage to crops, according to the US Environmental Protection Agency.

Mr William Reilly, the agency's administrator, warned that further action might be needed to phase out chlorofluorocarbons, chemicals used in refrigerators, fire extinguishers and solvents, which deplete the ozone layer.

This might have to go beyond last summer's strengthened international agreement to phase out CFCs by 2000 with a 10-year leeway for developing countries.

New data from the National Aeronautics and Space Administration suggests depletion of 4 to 5 per cent has occurred over the US since 1978, roughly double past estimates.

Moreover, heavier doses of ultraviolet radiation are now leaking to the ground for longer periods, notably in the summer when more people are outside. This threatens to nearly double skin cancer cases. Mr Reilly said there would be 200,000 more deaths from skin cancer in the US over the next 50 years.

He has said the new information was not available when last year's protocol was signed and it would "cause a reappraisal of our policies and our commitments."

Among the possibilities is that the US might endorse the European Community pledge to phase out CFCs by 1997 and there might be increased incentives to Third World countries to accelerate their time table.

Mr Reilly suggested the developing world should and could economically phase out CFCs earlier than 2010 as agreed.

He warned that the effects would be disturbing and destabilising on plant life and aquatic systems.

Argentine dream turns sour for Maradona

By John Barham in Buenos Aires

THE return of Diego Armando Maradona, the world's greatest football player, to Argentina in disgrace this week cast a pall over the country as the realisation hardened that the glories of a man often compared with those three other great Argentines – God, Juan Peron and Jorge Luis Borges – are now largely a thing of the past.

Mr Maradona, born into a poor Buenos Aires family, was far more than a national hero. He was the embodiment of the Argentine dream. For a nation obsessed with football, money and machismo, Mr Maradona not only personified success but was once capable of redeeming the pride of a country sunk deep in decay.

He restored the nation's sense of virility by leading Argentina to a memorable victory over England in the 1982 World Cup only weeks after the humiliation of the Falklands defeat. For years, his genius was a source of national pride.

However, a positive drugs screen in Italy, where Mr Maradona played for first division Napoli, shattered his charisma. President Carlos Menem, himself a sports fanatic, had made Mr Maradona an honorary sports ambassador. Mr Menem, with serious political problems of his own, was visibly stricken by Mr Maradona's fall and has not yet decided whether to strip him of his special status.

Mr Maradona, looking tense and anxious, said he would never return to play in Italy and refused to utter another word in public. The exuberant, spontaneous Mr Maradona seems to have vanished. Since his flight from Italy, he has locked himself in his Buenos Aires apartment and drawn the blinds.

After seven years in Italy, Mr Maradona, once adored by Napoli fans, is now widely despised. As his powers at the age of 31 faded, his capriciousness degenerated into arrogance and swagger. Even in Argentina, el pibe de oro – the golden kid – is increasingly viewed with as much embarrassment as pride.

Last year, Mr Maradona decided to break his contract with Napoli not long after allegations concerning connections with cocaine smugglers and prostitutes surfaced. Mr Maradona is now under investigation for drug smuggling in Italy. By testing positive for cocaine, Mr Maradona not only discredited himself, but could also lose huge fees from marketing contracts.

Mr Maradona's supporters in Argentina are convinced he is the innocent victim of a Neapolitan vendetta: the Italians cannot forgive Argentina and Mr Maradona for beating them in last year's World Cup semi-finals.

Brittan launches attack on EC energy monopolies

By Andrew Hill in Brussels

SIR Leon Brittan, the European commissioner responsible for competition, yesterday attacked European Community gas and electricity monopolies and suggested the Commission might use special legal powers to liberalise the energy market.

Companies granted monopoly or privileged positions by national governments were sheltered from the normal disciplines of competition, said Sir Leon in a speech to the UK's Engineering Employers' Association in Sheffield.

"The Commission has now taken the view that [such companies] have to justify their existence if they are to be permitted."

Two weeks ago, the Commission announced it had started legal proceedings against some national electricity utilities to remove cross-border monopolies. Yesterday, Sir Leon said the Commission would consider using special powers to issue directives without the formal approval of EC states in order to "open up networks to those who wish to use them, even if they do not own them".

The aim is an open internal market in which industrial users would be able to buy energy from any EC supplier.

A ruling last month by the European Court of Justice cleared the way for the Commission to push through such legislation under Article 90 of the Treaty of Rome. The Commission has already used Article 90 to help liberalise the telecommunications sector, while EC governments agreed new technical standards for telecoms networks.

Japan pledge on rice issue

JAPAN has promised to discuss opening up its rice market as part of the wider Uruguay Round trade negotiations, reports Peter Riddell from Washington. This follows a highly publicised row last month when a Japanese official ordered US rice producers to remove a display from an exhibition in Tokyo.

Following a meeting late on Thursday in California with President George Bush, Mr Toshiki Kaifu, Japan's prime minister, said the two countries should try "to resolve the issue of rice together with other (difficult agricultural) issues" while attempting to conclude the Uruguay Round negotiations successfully.

Both leaders sought to put a positive view on trade relations. But, while Mr Bush noted progress in opening new markets to satellites, telecommunications and wood products, he stressed the need for attention to other areas such as construction services, cars, car parts and semi-conductors.

Mexico lowers fuel prices

By Damian Fraser in Mexico City

PEMEX, Mexico's state oil company, is to cut the average price of natural gas by 16 per cent, industrial diesel by 24 per cent and heavy fuel by 30 per cent, in a move described as as a "fundamental change in the pricing system, not simply an adjustment in prices."

Mr Francisco Rojas, director general, said the price fall was part of Pemex's strategy to link prices with those in the international market. In the past the Mexican government has set fuel prices according to its own national industrial goals; usually this has meant lower prices than those on the international market.

At the same time the government announced a 10 per cent cut in taxi prices, a 5 per cent reduction in national air tickets, and a temporary reduction in the price of eggs.

Russian president granted extraordinary powers

Yeltsin clears decks for battle

By John Lloyd, Moscow Correspondent

WHAT HAS Mr Boris Yeltsin won, how did he win it and what will he do with it?

In the struggle for power in the Soviet Union, which yesterday ratcheted up to a higher and more urgent level, these are the fundamental questions.

In formal terms, Mr Yeltsin has won the right to promulgate laws, issue decrees and other "extraordinary measures," without necessarily consulting the Russian parliament, or its presidium.

He has got through the parliament the decision to call presidential elections on June 12 – though the powers do not make clear that the constitutional change necessary to hold these elections has not been made, and can only be made at the next session of the Russian parliament on May 21. Even then, it will require a two-thirds majority. Mr Yeltsin is not yet the people's president.

He has justified these measures as necessary "to lead society out of the crisis and to prevent, suspend and stop strikes." It is that crisis, which in the end, gave him his majority.

As the congress went on in the well-appointed hall in the Kremlin fortress, Soviet society continued its rapid decay. Price rises were greeted with riots in Minsk and demands for extra pay. Three top financial leaders said the Soviet budget would run out of funds in the current quarter.

THE RUSSIAN Republic has signed a $300m contract with Italgrani, Italy's second biggest agro-industrial group, for the purchase of farm products to alleviate increasingly severe food shortages, reports Haig Simonian from Milan.

The deal is one of the first big contracts between a foreign supplier and an individual republic,

and is the biggest ever agreed between an Italian agricultural company and the Soviet Union. Signed after five months of negotiations it involves the import of 800,000 tonnes of cereals, flour, bran, rice and other food products over the next 12 months.

The government offered to double miners' wages and still they appear unwilling to return to work. Any leader who, in such circumstances, lays a claim to head an anti-crisis programme deserves admiration.

The communists of Russia, who are at the centre of the groups which consistently oppose the Russian leader, gave a depressed and wordy press conference yesterday afternoon - at which Professor Igor Bratishev, deputy leader of the communist party, warned that Mr Yeltsin was "going away from democracy."

However radicals and communists are both speculating that his courage might be his undoing: at least two of his aides tried desperately to talk him out of the move, fearing their master may come unstuck.

The daily Rabochaya Tribuna commented yesterday that "Russia now gets the chance of testing Yeltsin over a period of a few months to determine whether he is fit for the presidency. If he fails to do anything, somehow to show his worth during this time, this will certainly mean political death." What will he do?

In his speech, Mr Yeltsin made clear that his programme would include instant privatisation, decentralisation, a tough monetary policy, and free prices. This programme, if instituted, will not be painless: but perhaps Mr Yeltsin does not mean to institute it.

The Russian leader is not really a politician with a programme: he is a man engaged in a struggle for power which would strain the fabric of what passes for civil peace in the Soviet Union, to beyond ribbing.

He has pitted himself against Mr Mikhail Gorbachev, the man who has dominated his political career for six years. Mr Gorbachev first raised him to the politburo, then cast him out. He came back, unaided and now stands, with growing powers, against Mr Gorbachev in a terrible struggle for victory.

Brazil lifts debt bar on two state companies

By Christina Lamb in Rio de Janeiro

BRAZIL'S TWO largest state companies are to restart paying their debt to foreign banks. They are the first to be allowed to break the country's debt moratorium since July 1989.

The surprise decision by the Brazilian central bank on Thursday night is intended to improve access to new credit for Petrobras, the state oil monopoly, and Vale do Rio Doce (CVRD), the state mining company. Both are highly profitable but are having difficulty finding long-term finance for exploration projects because Brazil is not repaying commercial debt.

Private companies have been allowed to pay foreign commercial debt directly since January but this is the first time that state companies have been given authorisation.

Mr Eduardo Teixeira, infrastructure minister, said he was looking at other state companies and "all those with the capacity to pay will be liberated by the same process". Usiminas, Brazil's biggest steel mill, is expected to receive the go-ahead.

Petrobras, which has a total foreign debt of more than $800m after a $600m buy-back last year, had liquid profits of more than $400m for 1990 and is expected to make debt payments of $3.5m this year. CVRD's foreign debt is $400m, half of which is with commercial creditors.

Peru hopes for pact on payments backlog

By Stephen Fidler in Nagoya

PERUVIAN President Alberto Fujimori arrived in Japan yesterday amid rising hopes about a possible settlement of his country's payments backlog to the international financial institutions.

Peru is more than $2bn behind in interest payments to the International Monetary Fund, World Bank and the Inter-American Development Bank, which is holding its annual meeting in Nagoya.

Until it clears these arrears, built up mainly under the previous administration, Peru will be denied access to new loans.

Mr Fujimori, who is scheduled to meet Mr Ryutaro Hashimoto, Japan's finance minister, today will also attend a meeting of governments friendly to Peru. These countries, which include the US, will need to provide a bridging loan for Peru to pay off at least one of the institutions.

A formula is needed whereby Peru can begin repaying the international institutions in sequence, freeing loans that will allow other institutions to be repaid. This formula worries some governments concerned about funds from one multilateral institution being used to pay off loans to another.

However, it is widely recognised that without such an arrangement, even if informal, Peru would otherwise never be in a position to repay the institution.

Romania's senate chief in confidence vote

ROMANIA'S conservative president of the senate, Mr Alexandru Birladeanu, faces a confidence vote next week which marks the climax of a dispute in the ruling National Salvation Front to marginalise the party's hardliners, reports Ariane Genillard in Bucharest.

The 80-year-old senate president and 12 other parliamentary deputies, lost a power struggle within the Front about the pace of reform, and the commitment by Mr Petre Roman, the prime minister, to revamp the party's image.

Before parliament closed for the Easter recess, Mr Birladeanu sharply criticised the Front for adopting Mr Roman as national leader of the party at its first national congress two weeks ago.

He also accused Mr Roman of dominating both the executive and the legislative powers and said the prime minister was betraying the platform – very gradual moves towards economic liberalisation – on which the Front was elected last May.

"Why should we hurry when the economic conditions are clearly not ready? How we can engage, for example, in a price reform when industries are still state-owned and competition non-existent?" Mr Birladeanu asked in an interview.

Mr Birladeanu, a Front senator, was one of the six signatories in early 1989 of a letter against Mr Nicolae Ceausescu. He had been Mr Ceausescu's vice-prime minister from 1963 to 1968.

Stock Exchange in share price information row

By David Waller

A ROW about broadcasting share price information has broken out between the Stock Exchange and Ceefax and Oracle, the two providers of television Teletext services.

The Exchange has reduced the permitted frequency for updating share prices on BBC's Ceefax and ITV's Oracle service from every 30 minutes to every 90 minutes.

Oracle has accused the Exchange of acting contrary to the principle of wider share ownership by depriving many small shareholders of the information provided free on teletext.

The Stock Exchange said yesterday the move to half-hourly updating of prices was a temporary reaction to the outbreak of the Gulf War in mid-January. Because the war made the market more volatile, the UK's 7.5m Teletext users would appreciate more frequent information.

It said the arrangement was extended again at the beginning of March, partly because of the privatisation of the two electricity generating companies. But now that the war was over, it was reverting to updating every 90 minutes.

"We must respect existing tariffing arrangements with those who provide real-time information. We told those people who called to complain that they can move to real-time for a charge of just £65 a year."

Constantly-updated "real-time" information is provided by the Exchange to the two news services, for a flat fee. The interval at which that information can be broadcast is subject to a contractual arrangement.

The Stock Exchange has its own dial-up screen service, Market Eye, which costs £1,000 a year. There are at least two other screen-based services, plus telephone services.

"The change has upset a large number of people," said Mr David Klein, Oracle's editorial director. "We have had many complaints which we have passed on to the Stock Exchange.

"What we do helps encourage the wider ownership of shares among ordinary members of the public.

"Although we pay for the information we get from the Stock Exchange, we are in fact advertising their wares in the market."

Talks about Shorts claim by Sinn Fein

By Our Belfast Correspondent and Bernard Simon in Montreal

A MEMBER of Sinn Fein, the IRA's political wing, has met a senior executive of Bombardier, the Canadian aircraft and transport group, according to a Canadian report. They are said to have discussed employment practices at Short Brothers, the Belfast aircraft and missiles manufacturer owned by Bombardier.

A statement from CSN, the smaller of Quebec's two union confederations, said Mr Pat Rice, a Lisburn Sinn Fein councillor, had met Mr Raymond Royer, Bombardier vice-president, in Montreal on Wednesday to discuss the company's recruitment procedures for Roman Catholics.

Mr Rice confirmed that the meeting had taken place. Shorts said it had no knowledge of the meeting and Mr Royer was not available for comment. The Northern Ireland Office said it would not comment on the report, as the company was in the private sector.

Shorts was privatised in October 1989, when Bombardier acquired it with a net dowry of £750m from the British taxpayer. It is Northern Ireland's biggest company with more than 7,500 employees. The IRA has launched at least five bomb attacks on Shorts, causing damage to aircraft, in the past two years because of its work on Ministry of Defence orders.

Mr Rice said he had tried to obtain assurances from Mr Royer that the company was doing all it could to meet its employment targets for Roman Catholics. He said he could not comment on IRA activities and the subject was not raised during the discussions.

Mr Peter Robinson, Democratic Unionist MP for east Belfast, said he was concerned that such a meeting had taken place. He said decisions on who to meet would have been much better left to the company's local management.

The MP said that in view of recent attacks, it would be better if Bombardier worked out a screening procedure to keep terrorists out of Shorts.

British Gas challenges its regulator in court

By David Thomas, Resources Editor

BRITISH GAS yesterday challenged the Office of Gas Supply in the High Court, opening the way for an unprecedented legal fight between a company and its regulator.

No other privatised utility has yet challenged the regulatory authorities in the courts.

British Gas is challenging the enforcement orders issued last month by Mr James McKinnon, director general of Ofgas, under the 1986 Gas Act.

The enforcement orders followed British Gas's decision to raise the price of gas supplied to power stations by 35 per cent in an attempt to reduce demand for power station gas.

Mr McKinnon ordered the company to supply gas at the old price to two power station projects: Thames Power, which is trying to build a £550m station at Barking in east London, and a Mobil-Eastern Electricity joint venture planning a £200m plant at Coryton in Essex.

British Gas rejected the validity of the orders, arguing that the two companies involved in the projects were not prepared to make the financial guarantees needed before it could sign a gas supply deal.

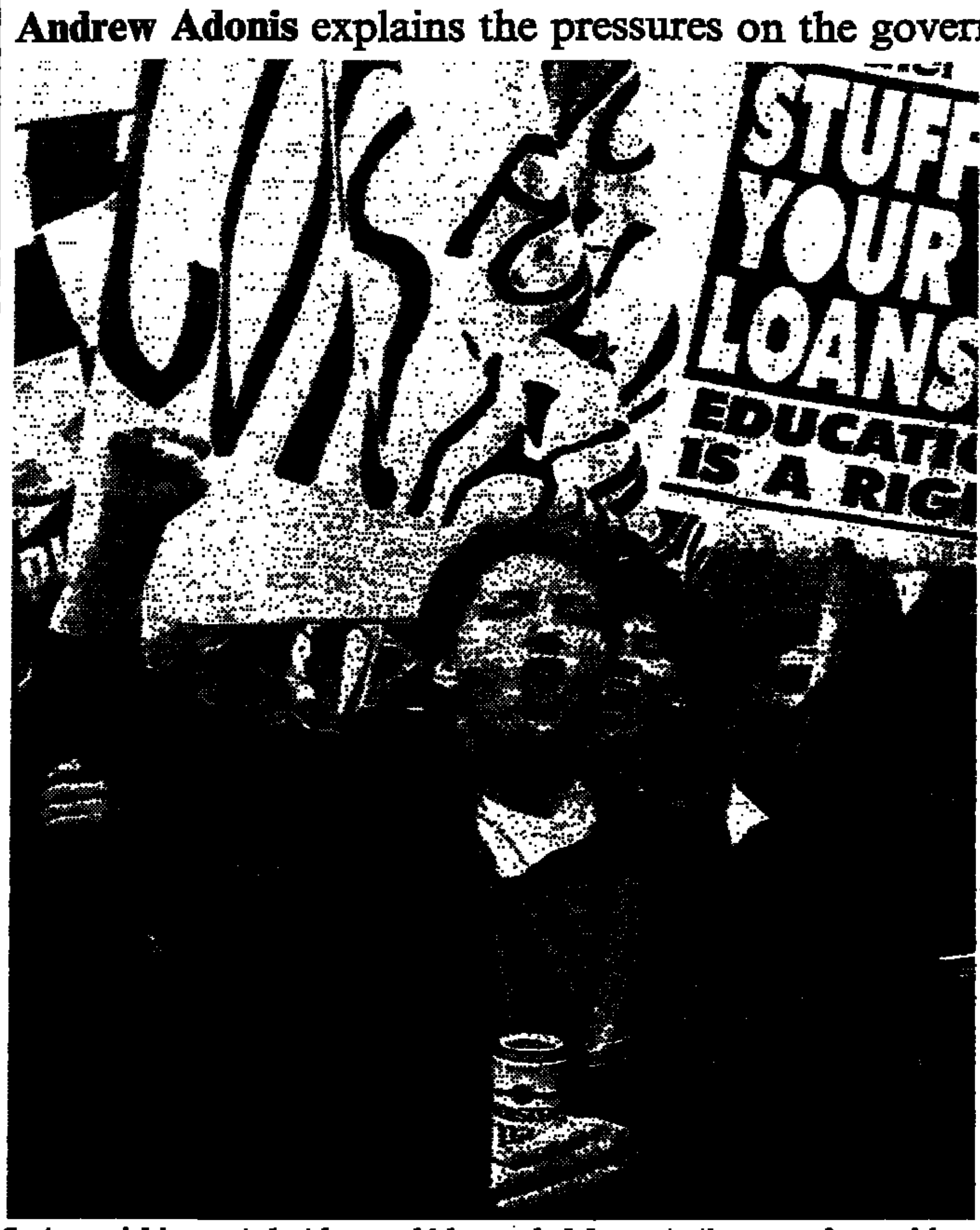
British Gas said yesterday its legal challenge was designed to block the enforcement orders. The Gas Act allows 42 days for a challenge to an enforcement order, a deadline which would have expired at the end of next week.

But British Gas added it was still talking to the companies in an attempt to find a compromise.

Ofgas said last night it would prefer such a solution, but it was prepared to fight a court case.

Clarke swots up on a Tory academic agenda

Andrew Adonis explains the pressures on the government to take another look at education reform



Controversial issue: student loans, which provoked demonstrations, now face revision

THE Tory watchword when Mr John MacGregor became education secretary two years ago was consolidation.

The Education Reform Act had just turned the education world upside down, and the government was too embroiled with the doctors and lawyers to want to risk further disputes with teachers.

Nevertheless, last November's changing of the guard at Downing Street and the Department of Education has put education reform back to the top of the agenda. Mr John Major sees it as the key to his "classless society", and Mr Kenneth Clarke, the new education secretary, is keen to respond.

So too are Tory academics and educationalists, who appear to have swung the party's education manifesto group behind a number of radical proposals. The group's thoughts are now with Mr Clarke, and he will be exercising his mind over five in particular:

● **Student loans:** The introduction of student loans was bitterly controversial and provoked student demonstrations. But even ministers are concerned at the cost-effectiveness of the loans scheme, and fear for its viability if the proportion of 18-year-olds going into higher education is to be raised from its current 14 per cent.

The loan scheme was expected to cost about £900m (after repayments) until 2002, when it was anticipated it would start breaking even. Latest estimates suggest this may take a further 10 years. Unforeseen administration costs and interest charges could increase the final bill to several times the original figure.

Because of this, there is considerable support in the manifesto group for introducing a new form of student loan, to be repaid over a longer period than the current version by means of a graduate tax.

This would amount to a volte-face on the part of ministers who originally resisted the idea. To disguise it, and avoid increasing income tax, the new levy would take the form of an additional National Insurance contribution for graduates, fixed at about 1.5p in the pound. This would be shared between employers and graduates, to be paid by graduates for some 25 years.

Mr John Barnes, a Tory historian at the London School of Economics, has long pressed for such a scheme. He believes this would be the best way of achieving the double goal of increasing student numbers and abolishing the parental contribution, without raising public spending too much.

● **Higher education finance:** Tory higher education experts want to see a shift in funding from institutional grants to universities to student fees.

They argue that such a shift would increase incentives on colleges to cut costs and take more students. It would also put pressure on them to address teaching deficiencies, and to devise and market their wares for student customers more effectively than they do now.

● **Opting-out:** Only 62 of the 4,000 state secondary schools in England and Wales have secured grant maintained status, and the number of others seeking it amounts to 150 at most.

The manifesto group wants to see the number of state schools transferring to grant-maintained status increase, without abolishing the requirement to ballot parents.

It also wants to make it easier for grant-maintained schools to expand, and for new grant-maintained schools to be set up.

● **Teacher training:** Among the suggested reforms are an extension of the current articled and licenced teacher schemes, and provision for schools to receive money to train teachers directly. The intention is increase the supply of teachers and improve their training.

"The money should follow student teachers, and we must break up the monopoly of the teacher training colleges and the universities," says Dr Sheila Lawlor, deputy director of the Centre for Policy Studies (CPS).

● **National curriculum and pupil testing:** There is concern about both these aspects of reform among Tory educationalists. Tests are thought to be too complicated, and the emphasis on coursework in tests and the GCSE too great.

"We need a change in the philosophy of national curriculum testing," says Mr John Marks, secretary of the education studies group of the CPS. He says that end-of-year examinations should should replace the current lists of attainment targets for pupils.

Mr Clarke has yet to reveal his own hand in response to these ideas. He knows they proposals would be highly controversial, both inside and outside the teaching profession.

Student loans repaid through National Insurance contributions could meet yet more opposition from middle-class parents and students. It would also be unpopular with the Treasury, which would not want to complicate the tax system.

Yet with the opposition parties set to put education at the front of their election manifestos, Mr Clarke is under some pressure to appear bold.

NEWS IN BRIEF

Ford plans Dagenham investment

FORD is to invest £12.9m in a more advanced final-assembly conveyor line at its plant at Dagenham in east London, which now produces some 225,000 Fiesta hatchbacks a year, writes John Griffiths.

The investment was described by the company yesterday as a "vote of confidence" in the Dagenham plant. However, it also issued a warning that the plant's productivity and quality required further improvements.

In a letter to Dagenham unions, Ford warns: "Clearly, if we in Dagenham cannot show that we can reach competitive levels of productivity and maintain our export-led quality drive, the later phases of the (investment) programme will be at risk."

TSB offer rejected

THE Trustee Savings Bank yesterday became the latest bank to offer a below-inflation pay increase amid worries about trading conditions.

Its offer of 6.75 per cent to 25,000 workers was rejected by Bifu, the financial services union which claims to represent more than 96 per cent of TSB retail banking staff. The TSB said yesterday the two sides would meet again in May.

£800m gilts sale

THE Bank of England announced yesterday the sale next week of £800m of government gilt-edged securities as part of a large borrowing programme for the 1991-92 financial year. The sale by tender of the 9 per cent Treasury bonds maturing in 2008 will start on Wednesday. It brings to £3.1bn the new gilts announced since January.

Sharp fall in sales of new cars

By John Griffiths

A LATE surge by buyers wishing to avoid the April 1 value added tax increase lifted new car sales during the final days of last month, but the surge was too late to prevent March sales being sharply down on the same month last year.

The 19.11 per cent drop for March to 168,854 from 208,733 a year ago, left sales at their lowest level for any March since 1981. About 55,000 of the March 1991 total were sold in the last four days of the month.

First-quarter sales were 21.6 per cent lower than last year, at 456,730 compared with 582,546, according to statistics released by the Society of Motor Manufacturers and Traders.

Last month's figures marked an improvement on January and February, which saw falls respectively of 20.8 per cent and 25.8 per cent compared with the corresponding months last year.

With further cuts in interest rates now widely expected, inflation falling and other tentative signs of confidence returning, the motor trade and industry yesterday appeared divided over whether the post-Budget surge was a blip pulling forward sales which otherwise would have been made this month, or whether a gradual, sustained improvement might now be in prospect.

Some big manufacturers felt that this month's sales might be even more sharply reduced as a result of efforts to beat the rise in VAT. Some were more hopeful. "There appears to be a generally more optimistic feeling among some of our dealers," said Volkswagen/Audi.

March continued to offer little comfort to market leader Ford, whose share of sales, at 23.01 per cent, was once again down nearly 2 percentage points from year-ago levels in spite of its Fiesta model heading the list of "top 10" sellers.

Rover and Vauxhall made marginal market share gains in March, but the best March performance of the "big four" came from Peugeot, which in spite of the smaller total market achieved an actual increase in sales volume of 1,130 cars compared with March a year ago, lifting its market share to 7.23 per cent from 5.31.

Among Continental importers, Fiat appears to be in increasing difficulties. Its market share slid to 1.7 per cent for the month and below 2 per cent for the quarter for the first time in more than a decade. Fiat has been overtaken in the sales league by Toyota of Japan.

UK CAR REGISTRATIONS IN FIRST QUARTER OF 1991

	Mar '91			Mar '90	Jan-Mar '91			Jan-Mar '90
	Volume	Change%	Share%	Share%	Volume	Change%	Share%	Share%
Total market	168,854	-19.11	100.00	100.00	456,730	-21.60	100.00	100.00
UK produced	76,580	-13.87	45.31	42.59	209,514	-15.25	45.87	42.44
Imports	92,354	-22.93	54.69	57.41	247,216	-26.28	54.13	57.56
Japanese makes	20,513	-4.48	12.15	10.29	49,846	-8.91	10.91	9.39
Ford group	39,604	-25.33	23.46	25.40	108,996	-24.19	23.86	24.68
– Ford	38,850	-25.18	23.01	24.87	106,892	-23.68	23.40	24.04
– Jaguar	754	-32.38	0.45	0.53	2,104	-43.25	0.46	0.64
General Motors	29,248	-18.96	17.32	17.29	81,600	-21.67	17.87	17.66
– Vauxhall	28,088	-18.86	16.63	16.58	78,357	-20.92	17.16	17.01
– Lotus	112	+80.65	0.07	0.03	363	+120.00	0.08	0.03
– Saab*	1,048	-25.83	0.62	0.68	2,880	-20.35	0.63	0.62
Rover**	26.112	-18.31	15.46	15.31	71,564	-14.60	15.67	14.38
Peugeot group	17,437	+0.28	10.32	8.33	46,596	-14.54	10.21	9.35
– Peugeot	12,212	+10.19	7.23	5.31	31,857	-8.63	6.98	5.98
– Citroen	5,225	-17.15	3.09	3.02	14,739	-25.03	3.23	3.37
Volkswagen group	10,810	-21.42	6.40	6.51	29,844	-25.66	6.43	6.90
– Volkswagen	8,312	-17.51	4.92	4.83	23,286	-22.65	5.10	5.17
– Audi	1,698	-25.53	1.01	1.09	4,951	-28.41	1.08	1.19
– SEAT	800	-34.81	0.47	0.59	1,607	-48.61	0.35	0.54
Nissan	7,716	-18.32	4.57	4.53	20,041	-21.15	4.39	4.36
Renault	5,283	-27.16	3.13	3.47	14,074	-40.00	3.08	4.03
Volvo	3,270	-42.77	2.63	3.41	8,802	-36.50	3.06	3.71
Fiat group	3,385	-47.14	2.01	3.07	10,343	-41.12	2.26	3.02
– Fiat	2,863	-49.78	1.70	2.73	8,688	-44.68	1.90	2.70
– Lancia	144	-54.15	0.09	0.15	582	-33.64	0.13	0.15
– Alfa Romeo	378	-2.83	0.22	0.19	1,073	+9.27	0.23	0.17
Toyota	4,633	+15.85	2.74	1.92	9,529	+17.77	2.09	1.39
BMW	2,909	-20.02	1.72	1.74	9,174	-28.82	2.01	2.21
Honda	3,179	+5.85	1.88	1.44	7,098	-6.98	1.55	1.31
Mercedes-Benz	2,165	-7.99	1.28	1.13	6,739	-22.18	1.48	1.47

*GM holds 50% of Saab Automobile and has management control. **Includes Range Rover. *Source: Society of Motor Manufacturers and Traders*

School trip surcharge for fuel unauthorised

By Clay Harris

ADVENTURE Travel International, the West Yorkshire school tours operator which ceased trading last week, made 42 London students pay a "fuel surcharge" larger than the fuel bill for their return coach trip to an Austrian ski resort.

ATI did not refund the money even though the Association of British Travel Agents (Abta) had withdrawn permission for the surcharge two months before the trip in February. Mr Alan Bowen, Abta's head of legal services, said yesterday: "They should have had that money back."

Abta said it would check whether other schools had paid unauthorised surcharges when it examined invoices of tour groups applying for refunds after ATI's collapse. It had already been investigating a similar case.

ATI was granted permission on November 7 to impose an extra charge on customers. Abta rescinded this on December 6 when it discovered ATI's booking forms did not specify the right to surcharge for coach fuel. Abta, which admitted its initial approval was an oversight, said ATI was not authorised to collect surcharges for any trips beginning after that date.

At Christ Church school in Finchley, north London, 42 children aged 12 to 16 each paid £8.24 on top of the original £339 cost for a nine-day trip to Ehrwald in Austria, according to Mrs Sylvia Pullen, the teacher who organised the trip.

ATI collected the additional £346 from her party in early December. It said it had already absorbed another £284 in extra costs before making the surcharge. It was, in fact, bound to do so by Abta rules.

Mr Peter Saunders, whose St Albans coach company Fellowship Travel Services carried the Finchley pupils, said the fuel bill was £314.36.

Fellowship did not receive any of the surcharge, Mr Saunders said. The £1,940 cheque for the Christ Church trip was stopped last week.

Mr Andy Ellson, owner and managing director of Tourland, which organised the transport of many ATI groups, said he had told ATI he would have to charge it more if coach operators raised their prices because of higher fuel costs.

Under his contract, Mr Ellson in October raised his charge to ATI by £15 per head above the level agreed in December 1989. He said the higher payments were passed on to coach operators but not specified as a fuel surcharge.

Mr Ellson said Mr Saunders did not know of the higher payments because he had been signed up only in February. Mr Ellson said Tourland was owed more than £100,000 by ATI.

Mr David Constance and Mr Nigel Parker, who founded ATI *and continued to run it even* after selling it in January, have not been available for comment this week.

Mr Alan Marlor and Mr Mark Dobell of Ernst & Young were yesterday appointed joint administrative receivers of ATI.

Cruising to a crisis, Page 7

Neath humiliation claims dismissed by Labour

By Alison Smith

LABOUR yesterday dismissed claims that it had been humiliated by the halving of its 20,000 general election majority in the Neath by-election on Thursday, insisting its win left it well-placed for next month's local elections.

Mr Peter Hain, who polled just under 18,000 votes to take the south Wales seat, declared that the message from his win was that "this is a confident Labour party, on its way to winning the next by-election at Monmouth and the general election beyond that".

With Mr Richard Evans, the Tory candidate, trailing in third place, more than 5,000 votes behind Dr Dewi Evans, for Plaid Cymru, Mr David Hunt, the Welsh secretary, acknowledged that his party would have to communicate more effectively that "Wales has done extremely well under the Conservatives".

Although the by-election was the first electoral test since the Budget and the announcement that the poll tax is to be replaced by a local tax combining property and personal elements, the Tories rejected the idea that their poor performance – at 8.6 per cent their worst showing in a mainland by-election for nearly two years – was a verdict on the plans.

But the decision to replace the poll tax was condemned yesterday, by Mr Nicholas Ridley, the former Tory cabinet minister, who described it as "absurd".

In an article in the Municipal Journal, he warned of a "huge political backlash" when the details of the proposed system were disclosed.

At the by-election in Monmouth Mr Roger Evans, the Tory candidate, will be defending a majority of under 10,000 held in 1987 by Sir John Stradling Thomas, who died last month. Labour is in second place.

Finding a code to crack the banking deadlock

Banks, building societies and consumer groups all disagree on rules of conduct, reports David Barchard

RELATIONS between banks and building societies on the one hand, and consumer groups on the other, have reached a new low. The cause: a proposed new code of conduct to govern the relationships between these financial institutions and their customers.

Just over a year ago, UK banks and building societies promised to draw up a voluntary code of banking practice to explain the rules of the business to their customers. A steering committee, headed by Sir George Blunden, former deputy governor of the Bank of England, was set up to draft the code, which was expected to come into operation this spring.

A year later, banks and building societies on one side and consumer groups on the other are still in a deadlock. The draft code appeared last December, but immediately there were complaints that it was little more than a restatement of the banks' existing practices.

Consumer groups disapprove of it so strongly that they have threatened to draw up their own code and bank contracts for customers.

Even not all the banks like it. This week Mr Terry Thomas, managing director of the Co-operative Bank, denounced the code as a bland restatement of current practice and said his bank would introduce its own standards for customer service.

The larger banks, headed by Lloyds, are believed to be holding out against substantive changes.

Now Sir George and the steering committee must convince the banks that unless they bow to pressures to change, they will almost certainly have a statutory code imposed upon them by the government.

The function of the code is to define customer-bank relations and to explain to customers their rights of confidentiality, and how the rules on services such as current accounts, credit cards and loans operate.

Five main questions have emerged:

● Do customers have to be notified in advance of bank charges? The banks say it would be a complex and expensive task to notify customers. The white paper, which led to the setting up of the steering committee, says there should be prior notifications, as do consumer groups.

● How is "negligence" to be defined when a payment card is lost and used fraudulently, causing a bank or building society to incur a loss?

● How should the security of personal identification numbers (PINs) and payment cards be maintained? Should customers have the right to refuse PINs? Should they have to confirm that they have received them before they can be used, so reducing the possibility for interception and fraud?

● What restrictions should there be on marketing credit? Here the banks and building societies are already trying to change draft rules announced earlier this year by the Department of Trade and Industry restricting the circumstances under which they can market credit.

● What are customer rights of confidentiality? This is turning out to be the most contentious issue. The law is defined by a court judgment of 1924, the Tournier Case, and a code of practice cannot by itself change it. Only the courts or parliament can do that.

Banks want to use customer information to cross-sell financial services – most of the large banks have data bases on their customers to help them do this. Although no one has yet challenged in the courts the existence of such data bases, it looks as though they could be breaking the law.

Even if the data bases are legal, there are other difficulties: some banks handle mortgages in-house; others sell them through a separate subsidiary. Can the same rules of confidentiality on passing on customer details be applied in both cases?

What about more remote offshoots, such as estate agencies. Should these be allowed to exchange customer information with their parent banks?

Last month the period when comments were due to be submitted to the banks about the draft code ended, about three weeks later than originally planned. A small committee within the British Bankers Association is now sifting through about 300 submissions.

Assailed by growing bad debts on their once-lucrative personal customer business, and deeply worried about their long-term future, most large banks are in no mood to compromise, if doing so means forgoing income or increasing costs.

Trying to persuade the banks to change course will call for all the skills of diplomacy and persuasion Sir George acquired while at the Bank of England.

He has only one sanction but it is a "nuclear option": he and the committee could admit defeat and wash their hands of the business, handing it back to the government.

A statutory code could then be imposed by the government, perhaps by writing the banking ombudsman scheme, at present voluntary, into law and empowering the ombudsman to write his own code. Or it could be done through Sir Gordon Borrie and the Office of Fair Trading.

"I am sure that one way or another, there will be a banking code of practice," says Sir George. "Either it will be reached by devising a code acceptable to my committee or it will have to be left to the government."

UK NEWS

BR near decision on high-speed tunnel link

By Richard Tomkins, Transport Correspondent

FRESH PROPOSALS for a £3bn high-speed rail link between London and the Channel tunnel are nearly ready to be put to the government, British Rail said yesterday.

Mr Gil Howarth, BR's rail link project director, said the link could open by 1998 if the government approved BR's proposal before the summer parliamentary recess.

No decision had yet been taken over the route, Mr Howarth said, but BR was considering building a line that would carry freight traffic as well as passenger trains.

That suggests a change of thinking at BR, which so far has argued for a two-track line on the basis that reliability is more important than speed for the delivery of freight.

Mr Howarth said it would not be economically viable to build a four-track line with two tracks for passenger trains and two tracks for freight because it would add about £2bn to construction costs.

But, he said, BR was looking at the possibility of building a two-line link incorporating short stretches of four-line operation so that high-speed passenger trains could overtake slower freight trains.

BR has been rethinking options for building the link since the previous plans drawn up by the European Rail Link consortium – a joint venture between BR, Trafalgar House and BICC – collapsed in June last year.

Mr Howarth said the rail link project team should be ready to deliver its recommendations to the British Railways board by the end of the month. The board would then make its choice and inform the government.

Four route options are being studied, among them the one previously favoured by BR which runs through the south London suburbs. A second route favoured by the London borough of Newham takes a similar southern approach, but veers eastwards to terminate at Stratford.

The two other routes take eastern approaches to the capital. One put forward by Ove Arup, the consulting engineer, runs to Stratford and then through a tunnel to King's Cross. The other, put forward by the Rail Europe consortium led by Bechtel, another consulting engineer, terminates at Stratford.

Mr Howarth said all routes were being given equal consideration and the one chosen would not necessarily be the cheapest. It would be the one that satisfied the most criteria, including environmental and socio-economic considerations.

Initially, Mr Howarth said, the line would be financed wholly by the public sector, but private-sector participation might be sought once the risky parliamentary procedure had been completed.

BR hopes the government will sponsor the appropriate legislation through a hybrid bill, because a private bill sponsored by BR alone could take years to steer through parliament.

Little change for MoD procurement

By David White, Defence Correspondent

BRITISH DEFENCE companies can expect no respite from tough competition and tight price conditions following Sir Peter Levene's departure as the Ministry of Defence's procurement chief, his successor made clear yesterday.

Mr Malcolm McIntosh, who as an Australian is the first foreigner to fill an equivalent post in any major western defence ministry, said Britain and Australia had much in common in the way they had approached arms acquisition since the early 1980s.

Both had transferred government industrial activities to private ownership or operation by contractors, promoted open international competition and moved away from "cost-plus" contracts with guaranteed profits for the manufacturer.

In view of the similarity – and his own role up to last year in the Australian Department of Defence, where he became deputy secretary for acquisition and logistics – he said: "You'd be very surprised to see much of a change in policy coming out of this office."

Mr McIntosh, 45, took over just before Easter. In his first statement to the British press yesterday, he accepted that the squeeze on defence spending and the shaky mood of the industry would make it "a very difficult time."

Mr McIntcsh said he believed that strong research and development was essential for the UK. "But I have very strong views about inefficiency in research," he added. There was "nothing sillier" than bloated, bureaucratically-run research deparments.

He forecast that further moves to streamline the MoD's Procurement Executive would result in a "significant reduction" in numbers of staff. Procurement branches based in London are due to be relocated at Keynsham, near Bristol, in order to bring arms-buying operations for all three services together in the same area. He said it was a convenient time to carry out radical restructuring.

Judge orders forfeiture of shares

By Raymond Hughes, Law Courts Correspondent

A £40,000-a-year marketing executive with the Gateway supermarket chain made 104 applications for shares in privatisation issues between 1986 and 1989, Southwark Crown Court in London heard yesterday.

Mr Michael Wells made multiple applications in 37 names and opened building society accounts in false names to pay for shares in British Gas, British Airways, BAA (formerly the British Airports Authority), Rolls-Royce, TSB and the 10 regional water companies, the prosecution alleged.

Mr Wells, who was made redundant when Gateway was taken over by Isosceles in 1989 and is now unemployed, pleaded guilty to 10 charges of obtaining property by deception. He was given concurrent jail sentences of six months on each of the charges, suspended for 12 months, and fined £5,600. He was also ordered to pay £3,000 prosecution costs.

Judge Mota Singh also ordered forfeiture of Mr Wells' shares in the water companies, which he had handed over to the police. The judge said that forfeiture would deprive Mr Wells of the £24,000 he had paid for the water shares.

Mr Anthony Leonard, prosecuting, said Mr Wells had been allotted 14,500 shares in the water companies and if he had sold them during the first month of trading would have made a clear profit of about £10,500.

A fresh front opens in computer crime war

Ian Hamilton Fazey explains why hardware theft is causing chaos

IT WAS when Welcome Financial Services was robbed of its computers for the second time that Mr Christopher Evans, the company's Bradford manager, came close to resigning in despair.

"It was a month to the day after the first robbery and the memory of the disruption and anguish it caused was very fresh," he recalls. "We rely on the computers for everything. I had to work from 8am till midnight, seven days a week, for more than a fortnight just to keep going without them."

Fortunately, a senior manager of the company was visiting for the day when the second robbery was discovered and he helped Mr Evans through the initial shock. When he got home that night, a bottle of champagne from the company was waiting, with a "chin up" message. Next day he began the painful business of struggling through again.

Welcome's Bradford branch in Godwin Street is a few minutes from the town hall in an office block over a row of shops. It was in early September that it first became a victim of the latest type of crime targeted at businesses.

West Yorkshire police's crime-prevention office discovered what was happening when it used its own computer to analyse patterns of robberies in Bradford. It found that computers, printers, fax machines and photocopiers had suddenly become targets.

Before the spread of personal computing, most small businesses or offices used paper-based systems and had little more than a typewriter worth stealing. They have now: the analysis showed £1.57m of such robberies in Bradford alone last year. "I hate to think what the figure is in London," Inspector Roger Holmes, of West Yorkshire crime prevention office, said yesterday.

The September robbery cost Welcome's insurers £20,000. Thieves took two Apricot computers, a laser and a dot-matrix printer, a fax machine, several modems and ripped out wiring.

The company, which is part of the London and Manchester financial services group, offers mortgages, pensions, loans and hire purchase finance to individuals and small businesses.

Small offices such as the two-person one in Bradford have low overheads but use computerised technology to achieve high productivity. Personal computers and modems link with Welcome's mainframe in Nottingham and branches in Leeds and Wakefield. Performance-related pay provides large incentives to people like Mr Evans, who is 38 with 17 years' experience of hire purchase finance.

"To match the computerised service, we had to do very long hours, driving to Wakefield to use their machines to get into the mainframe," Mr Evans said. "It took more than two weeks to replace everything and it was just working properly when we were hit again.

"We are lucky because the group was able to stand the cost of replacement and repair while the insurers sorted out the claim. Otherwise we would have incurred an overdraft of more than £40,000 just to keep going. An independent operator would have almost certainly been wiped out."

At the scene of the crime: Christopher Evans pictured in his office yesterday

Ellis & Everard, the Bradford bulk chemicals and commodities distributor, has also been a victim. Thieves carried out a raid on the accounts department over Christmas, breaking in via the skylight.

"They knew exactly what they were coming for," Mr Simon Medd, senior management accountant, said yesterday. "From having a computer each, we have been into sharing and waiting for a turn on a machine in the evenings or at weekends."

Inspector Holmes is hoping that smaller companies and offices will start pooling their resources to pay for better, joint security in office blocks they share. Mr Evans's landlord has installed an alarm system and the Welcome office has its own one.

Rents and overheads will rise, but there is no alternative. Meanwhile, Inspector Holmes thinks police and chambers of commerce should press insurers to offer discounts to businesses who take recommended anti-crime precautions.

Third teachers' union backs boycott of tests

By John Gapper, Labour Editor

A THIRD teachers' union voted yesterday to support members who refuse to carry out testing of seven-year-olds in schools.

Members of the Assistant Masters and Mistresses Association voted at their annual conference in Eastbourne to support teachers who refuse to carry out the tests on the grounds that they create an excessive workload.

The vote follows criticism of the tests this week at the annual conferences of the National Union of Teachers and the National Association of Schoolmasters and Union of Women Teachers, the biggest teachers' unions in England and Wales.

Mr Nigel de Gruchy, NASUWT general secretary, said on Thursday that strikes over standard assessment tests for seven-year-olds could close some inner London primary schools next week because of the extra work for teachers.

The AMMA conference agreed that the tests would place seven-year-olds under unnecessary stress, interrupt teaching, involve teachers in complex bureaucracy and create an unreasonable workload.

AMMA also called on the government to separate its assessments of teacher performance from pay.

Mr Tim Eggar, education minister, has said that there can be no "Chinese wall" between them.

The conference voted to "resist by any possible legal means any direct link between appraisal and pay". Mr Mike Hodgson, a Preston primary school teacher, said the union should reject any scheme which could lead to "bribery and corruption".

Mr Peter Smith, AMMA general secretary, said the country was lucky that teachers did not curtail their performance in line with their pay.

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The markets go up and up

NOT SO long ago, the dollar was down, sterling was down and equities were down, while the D-Mark was up. Now, all is changed. The Gulf war was won and the US and the UK are believed to be coming out of their recessions. Meanwhile, Germany has fallen into the difficulties so tragically symbolised by the brutal murder of Mr Detlev Rohwedder, head of the Treuhandanstalt, this week.

Neither economies nor countries change as quickly as liquidity-driven financial markets suggest. Nor, for that matter, are the movements in the markets as dramatic as they appear. A stock market index unadjusted for either inflation or corporate earnings is a thermometer with a constantly varying scale.

London, for example, has passed its all-time peak – or so the ecstatic headlines say. Even this is true only of the narrower indices. The Financial Times Actuaries All-Share Index is still fractionally below its nominal peak level of July 1987. Deflated by the retail price index, however, the simplest indicator of what equities are worth to the people who own them, the Financial Times Actuaries All-Share Index is, in fact, down 23 per cent percent from its peak in that month.

The Standard & Poors Composite Index tells a not dissimilar story. It is at an all-time nominal peak, but is down 4 per cent from the peak reached in August 1987 in real terms.

Equally striking is the downrating of the earnings stream to which equities entitle their owners. Back in those happy days of 1987, the price-earnings ratio in London peaked at 18. It is now only 13. The price-earnings ratio in New York, is also below its peak, but by less, having fallen from 18¼ in August 1987 to 16 today.

Market recovery

Much of what has happened recently to the British and American stock markets has been a recovery from the despair of last September and October, when price-earnings ratios fell to 10 and 13, respectively. Over a rather longer period, neither market has done much. Deflated by the consumer price index the FT-A All-Share is barely higher than five years ago. Indeed, none of the main stock markets is worth noticeably more in real terms today than they were before the crash of 1987.

The question is whether all this is now about to change. Do the US and the UK stand on the edge of another bull market? That cannot yet be judged probable.

The consensus in both the US and UK is for recovery. But that recovery is more of a hope than a fact. In March, for example, non-farm employment in the US fell by 206,000 and unemployment rose to 6.8 per cent, both worse than expected.

Meanwhile, in the UK the Central Statistical Office has revised away the recovery of 1 per cent in retail sales between January and February, greeted at the time as a drop of rain in the economic desert. The CSO has managed to eliminate much of the current account deficit; it has not conjured up a recovery in the real economy.

Company forecasts

The Confederation of British Industry's latest economic situation report, published earlier in the week, was greeted with pleasure. It is difficult to see why. The CBI agrees with the Treasury that output will be down close to 2 per cent this year. Good news, according to the CBI, was that the total order books of manufacturers had steadied in March. The bad news was that 24 per cent more companies expect further falls in output over the next four months than expect increases. What the CBI offers is not even the relief of no longer hitting one's head against the wall; it is the relief of hoping that one may soon no longer be hitting one's head against the wall.

Recession is here, while recovery is a hope. Lower interest rates would do much to turn that hope into reality. The recent strength of the dollar and the pound will help, since a stronger currency means lower inflation and so justifies lower rates of interest.

Despite the Anglo-Saxon similarities, big differences exist between the US and UK. US interest rates cannot have much further to fall, but the US also has a relatively modest problem with inflation. The British authorities could cut interest rates much further if they wished. But they are unconvinced, and rightly so, that underlying inflation is falling fast enough. The Industrial Relations Service research group may have just reported the sharpest fall in the level of pay settlements for five years, but the fall is still only from 9.5 to 9 per cent.

Whatever the prospective reduction in the headline rate of retail price inflation may suggest, the UK has far to go to match its neighbours, The growing strength of sterling gives an opportunity to the authorities to cut interest rates both sharply and very soon. Neither the UK's performance on inflation nor, for that matter, the buoyancy of the equity markets will encourage them to do so.

After five years reporting for the FT in Rome, **John Wyles** reflects on the challenges facing the Italian state in the 1990s

Hopes and fears of Europe's oddball

"I suppose you share the English contempt for Italy," a mild-mannered public official said to me at a conference in Naples recently. Aggressive in tone, the charge was wholly defensive in inspiration. Most Italians have a sense of inferiority about their country in comparison with Europe's other leading nations.

This feeling that they are not competing on equal terms derives above all from deep anxieties about the efficacy of the Italian state. About its image as a mafia state, manipulated from the shadows by dark forces, about revolving-door governments unable to respond promptly to emergencies (*"Lo Stato e Latitante* – "the state is absent" is a standing newspaper headline), about its failure to create a system of justice in which the citizen can have confidence, and about arrogant and inefficient public administration.

Their near contemptuous view of the state renders Italians the most imaginative planners for a unified Europe, and the most fearful of its consequences for themselves and their country. "There are those that fear that Italy, in a united Europe, may become a second division country; but we are already in the second division," wrote Piero Ottone, a leading Italian journalist recently.

This view sits oddly with an Italy which is ambitiously seeking a more active role in world affairs. But as European unity steadily deepens, Italians are undeniably more preoccupied about their ability to maintain a development which in 40 years has catapulted them from a largely agricultural, technologically and industrially backward country to a place in the top six industrial powers.

They are right to be worried, but wrong to indulge the traditional Italian conviction that no one else's problems are as serious as their own. With its extraordinarily high public debt, inadequate infrastructures, limited capacity to innovate, relatively primitive financial markets, wage rigidities and sagging industrial competitiveness, the economy may indeed struggle to outstrip most of its European Community rivals in the 1990s as it did in the 1980s. But in 1979, expert

Their near contemptuous view of the state renders Italians the most imaginative dreamers and creative planners for a unified Europe, and the most fearful of its consequences

observers noted a manufacturing industry on its knees and an economy hugely dependent on low technology traditional products, and then failed to foresee the performance which materialised in the decade ahead.

Nevertheless, the state did let Italians down in the 1980s by its failure to use the opportunities proffered by golden economic years to address a range of deep-seated social, economic and industrial problems. Instead, it raised its debt to a level equal to annual gross domestic product; the future was mortgaged to finance an unsustainably generous pensions system and a wasteful and in parts of the country inadequate health care system. Large parts of the south, meanwhile, are still maintained on various forms of public welfare.

The state, of course, is governed by politicians who have learned their lessons on low politics from Machiavelli. As elsewhere, politics in Italy is largely about the pursuit of power and party advantage, and the engine is driven by money. However, the parties publish no proper accounts and maintain organisations of such a size and extravagance that they have to be funded by under the counter payments for services received – bribes, if you will – by their clients.

The political paradox in a country which adores the paradoxical is that Italians turn out to vote at general elections for politicians whom they generally distrust and even despise in higher proportions than in most other European countries and the US. But they have low expectations of politicians and are increasingly irritated by the periodic political "crises" like the present one which bring down governments for no other apparent reason than the eternal jostling for power and position within coalitions.

There is now a widespread feeling that the political system has never been more fragile. President Francesco Cossiga has recently scored well in the polls for appearing to confront and chide the parties for neglecting the national interest, but he has brought the presidency down into the political arena and may be jeopardising its future independence.

Not that the political class as a whole deserves all of the opprobrium which is fashionably heaped upon it. For all its weaknesses, the political leadership has made most of the right strategic decisions for post-Second World War Italy, above all by participating in the development of the EC and the European Monetary System.

But Italy's democracy and political culture is seriously deficient in not having forged a country in which rules and laws are transparently applied and in which both governors and governed can be sure of being held accountable for their actions when rules are breached. The unimpressive Italian state is the reflection of this.

On the positive side, democratic institutions have certainly encouraged a relatively harmonious co-existence of the quite contrasting cultures of north and south. The north prefers some limit on the penetration of politics into social and economic life, and it demands space for individual initiative.

Southerners, in contrast, still think, as the Italian writer Luigi Barzini pointed out 30 years ago, mainly in political terms. While the *Mezzogiorno* has provided many of Italy's greatest artists, writers, diplomats and politicians, southerners share little of the north's entrepreneurial culture. They tend to look to the state for many more economic initiatives and social protection, even though their attitudes are still coloured by an historic antipathy to the governing institutions. "He who behaves honestly comes to a miserable end," says an old Calabrian proverb.

Obviously, southerners have no monopoly on dishonesty or dependence. But the state has had to spend huge sums – well over $100bn since the early 1950s – on many doubtful projects in the *Mezzogiorno* to buy, if not their loyalty, their acquiescence. It has become the employer of first and last resort in the south padding local governments with armies of ushers, file carriers and form fillers.

This is rich soil for the clientelism – the buying of political support by

providing services and money – at which skilful southern politicians are so particularly adept. They are a powerful force, not only in the public administration in Rome – where the concept of an honest day's work for an honest day's pay has never taken firm root – but also in national politics. Above all in the Christian Democrat party whose continued domination of Italian governments increasingly derives from the strength of its electoral support in the south.

In the past two years, resentment at what is claimed to be the financial looting of the north in the interests of the south has given birth to a strong federalist movement based on Milan, whose influence has spread beyond Lombardy into Piedmont, the Veneto and Tuscany. Led by Umberto Bossi, a rabble rousing senator of formidable and rather erratic demagogic skills, the *Lega Nord* articulates a growing frustration among all classes in the north with the intractability of the southern problem and a fear that in a variety of ways, not least because of the mafia, the *Mezzogiorno* may undermine Italy's phenomenal post-war progress.

The strength and apparent invulnerability of organised crime is a source of growing anxiety. The question as to whether some politicians are active collaborators with or even members of the mafia is still debated in abstract terms because of the lack of hard evidence. With the break-up of an impressive corps of investigating magistrates in Palermo, partly by political design, the general impression is that the battle against the mafia has begun to slide backwards.

Here again public doubts focus on the integrity of the law enforcement and judicial systems and the fear that some malign force is undermining their powers to guarantee public safety. It was certainly an unedifying sight recently to see the Italian government forced to pass retrospective legislation so as to put back behind bars 41 convicted mafiosi who had been released on technical grounds by the Supreme Court.

Italy's misfortune was to have been born without an elite which believes in enlightened, disinterested public service – the only bastion approximating to such values is, luckily, the Bank of Italy. Elsewhere, there are many honest, highly qualified people who serve the state, but they must always compromise with the primacy and arbitrariness of political power. Some, like Mario Sarcinelli, who recently resigned as director-general of the Treasury, eventually renounce their tasks because they reach the limits of their capacity to compromise.

The reach of the political parties is extraordinary in Italy, and has lengthened in the post-war period because of the republic's inheritance of a vast system of publicly owned banks and industries. Few impartial observers see how this public sector can be sustained in the 1990s as it encounters the fundamental constraints of EC rules and Italian public debt.

Financial and industrial activities in the Community's single market will be increasingly sharpened by market forces. Political management of the state sector dulls its entrepreneurial reactions by failing to impose performance requirements to which the private sector is subject. But the Italian state's ability to finance the consequences of inadequate performance will be increasingly shackled by EC competition rules and by the straitjacket of public debt.

The key question for the 1990s is whether the Italian political system can act with sufficient speed and efficiency to avoid an industrial decline and a crisis in public finances which will gravely undermine a still strongly performing private sector. When they wrote the constitution in 1947, the republic's founding fathers were looking backwards at the concentration of power and destruction of civil rights under Mussolini's fascism. They designed an executive lacking in authority over parliament, and then grafted on a too perfect system of proportional representation which spawns multi-party coalitions and endless phases of political bargaining over any legislative initiative.

Constitutional reform has been under discussion since the early 1980s but changes in the electoral system remain a remote prospect, not least because of a fundamental difference of view between Bettino Craxi's socialists, who want to move towards an executive presidency, and the Christian Democrat aversion to any reform which might weaken their central role in government.

Hopes for a change of both style and content in Italian government have focused on the transformation of the main opposition party, the communists, into the Party of the Democratic Left (PDS). On paper, this offers the possibility of alternative coalitions to those dominated by the Christian Democrats; in practice the PDS does not yet have the coherence or leadership to achieve a realignment.

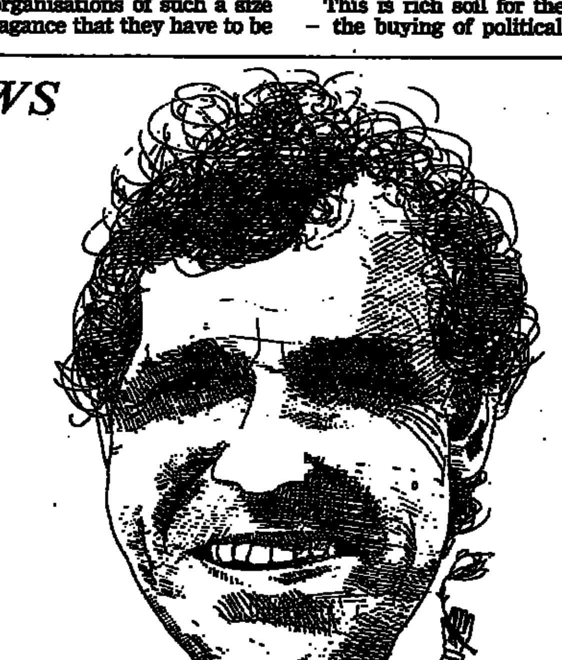
Italy, therefore looks likely to have to soldier on with the current state as its national albatross. The consequence could be a slow economic decline, a narrowing political role in Europe and sharper domestic social and political conflict. But Italy being Italy, the sheer cleverness, flexibility and imagination of its people may produce last minute solutions which will again enable Europe's oddball nation to confound the pessimists.

MAN IN THE NEWS

Peter Hain

Scourge of the Boers takes to the field

By Michael Cassell



Mr Peter Hain, the *enfant terrible* of Twickenham and one-time scourge of the Boers, will need to take care not to be swallowed by the establishment when he takes his seat in the House of Commons.

He insists, following his less than resounding by-election victory on Thursday as Labour's candidate for the Welsh constituency of Neath, that he is in no such danger. His radicalism still burns bright and he cares not a jot about courting unpopularity in pursuit of a good cause.

"Hain the Pain" – as he was once called in a newspaper headline – pledges to maintain the same independence of mind which made him, variously, an inspirational figurehead or, to quote another newspaper, "a bloody, interfering nuisance". Until this week, his name may have fallen off the front pages. But thanks to his match-stopping exploits of 20 years ago his name still carries a familiar ring.

The dull skies of West Glamorgan have failed to dull either the fervour or the bronzed complexion of someone brought up in sunnier climes. But the Kenya-born anti-apartheid crusader is now 41 and sports white hairs on his infamous, curly head.

Westminster has a habit of taming firebrands and a daunting record for putting cocky parliamentarians in their place. In the Commons, however unlikely it might sound, he intends to keep his head down and work hard for his party and his constituents.

He will not, however, be intimidated by the place. A man used to being set upon by National Front thugs and dragged off rugby pitches and who was once almost killed by a parcel bomb says he will not shy from a fight with "a few skinheads on the Tory benches".

Mr Hain, who was not expecting Labour's share of the vote to fall as it did, refuses to see the result as a personal slight from the people of the Welsh valleys, some of whom were clearly unimpressed by a candidate they regarded as a self-seeking outsider.

He rejects claims of carpet-bagging, the idea that Neath was purely a ticket to Westminster; he says he is firmly committed to the south Wales community in which he now lives. He is struggling to learn Welsh – not, he insists, as a gimmick but out of respect for the local culture.

Mr Hain denies the vaulting political ambition identified by some of his Labour party colleagues and refuses to indulge publicly in daydreams about frontbench jobs. "I have never wanted to be anybody, I only ever wanted to do things."

Though he is only now preparing to take the loyal oath at the despatch box, Mr Hain has never been far from the cutting edge of politics. Raised in South Africa, where his family moved when he was one, he remembers being woken at night to be told his parents, critics of the regime, had been taken to jail. The 11-year-old Hain was served with the papers allowing them – the first white married couple subjected to banning orders – to talk to each other.

As a direct result of political activities, his architect father found it impossible to work. The family moved to Britain, arriving in March 1966 – on the day the Wilson government was re-elected.

"People think I arrived at the docks, waving a banner, ready to run amok over every rugby pitch in the country," he says. "But I was much more interested in playing sport."

Mr Hain waited two years before joining the Young Liberals, which at the time seemed a natural vehicle for dissenting youth, and within a year found himself on the national stage "breathing radical policies from every orifice" and leading the successful fight to prevent the South African cricket team tour of Britain.

By 1971 he was chairman of the Young Liberals, picking up a first-class honours degree in economics from London university and reading for a masters in philosophy at Sussex along the way. His critics stopped calling him a layabout and suggested his academic success merely confirmed falling standards of education.

They also charged him with various anti-social acts, such as throwing tin tacks on pitches or participating in violent demonstrations. He denies them all, claiming that he argued heatedly with those he believed were more interested in spectacular protest than in helping South African blacks.

Mr Hain does not, however, apologise for the campaigns he orchestrated, which he says have been entirely vindicated. Twenty years on, he regards the process of reform in South Africa as irreversible. He quotes Nelson Mandela in suggesting that the last mile on the long walk to freedom will be the hardest.

Eventually, however, Mr Hain tired of agitprop. Fed up with being "a perpetual youth", he joined Labour in 1977, encouraged by Neil Kinnock, himself a prominent anti-apartheid campaigner. He describes his Welsh "neighbour", upon whose leadership election committee he served, as a family friend.

He heaps praise on Mr Kinnock's achievement in "stopping the party going down the plughole". Having said that, he is not entirely happy with the new-look Labour party, within which he belongs to the soft left.

In 1987, he warned that the party's policy review should not be used to bury radicalism; the review is finished and Labour is clearly not radical enough for his liking. "We have restored electoral credibility and mobilised a new respect. In the short time left before an election we must mobilise enthusiasm.

"I don't think Labour ever won an election without being radical. It is not enough to rely on public revulsion for the Thatcher era." Did the Tories get anything right in 12 years? "The compulsory wearing of seat belts."

Mr Hain – who has recently, as head of research at the Union of Communication Workers, been working with dogged enthusiasm to raise the union's profile – is sure that Labour will win the next election, although he is less confident about an overall majority.

The first Kinnock cabinet, he stresses, will be hemmed in by tight finances. But he advocates a democratic agenda – embracing a freedom of information act, abolition of the Lords, electoral reform, positive rights for workers and green issues – in which radicalism does not necessarily have to cost more money. A Welsh assembly is also on the list.

His personal challenge is "to put Neath on the map" as a place which can attract investors. There are prime industrial sites and traditional skills aplenty, not to mention some of the most spectacular waterfalls in Britain.

He hopes occasionally to sneak back to London to watch Chelsea football club – "the only thing I have in common with Mr John Major" – but hopes to see South Africa's Springboks play Neath at The Gnoll possibly the season after next. An interesting conflict of loyalties looms for Westminster's newest member.

Cruising to a crisis

The UK travel trade is at a crossroads after recent collapses. **David Churchill** reports

When British travel agents flew to Acapulco, Mexico, 18 months ago for their annual convention, they encountered the litany of horrors that beset many holidaymakers: missed flights, lost luggage, and overbooked hotels. When they finally settled in, they faced an earthquake measuring 4.8 on the Richter scale.

Since that convention, which cost the Association of British Travel Agents (Abta), its sponsors, £50,000, the high levels of UK interest rates, the effects of recession, and the lull in travel produced by the Gulf war have all taken their toll. The collapse of Exchange Travel, a travel agency, last autumn, and, more recently, the failures of International Leisure Group and several specialist school tours companies, have now combined to create a crisis in the UK travel trade.

A European Community directive on package holidays, due to be implemented by member states by the end of next year, is compounding the problems facing tour groups. Although the directive is mainly concerned with raising standards – curbing misleading brochures, for example – it will *also* put a *duty* on EC countries to ensure adequate levels of consumer protection for holidaymakers.

Britain, ironically, has one of the highest levels of consumer protection measures in place for holidaymakers: only the Scandinavian countries have a similar insurance bond system for travel agents and tour operators, although their package holiday industry is smaller.

The Germans, Italians, and Spanish have only minimal protection schemes, and will be forced to bring in new systems under the EC directive.

France, however, operates a scheme whereby travel agents have to guarantee that 6 per cent of their turnover is available for a central insurance fund. In Britain, travel agents and tour operators already pay between 10 and 25 per cent of their turnover as bond guarantees. "We are already the most protected travellers in Europe," points out Mr Martin Brackenbury, a director of the Thomson Travel group and president of the International Federation of Tour Operators.

Whether the British government now decides to add to that protection by agreeing a consumer levy of 1 or 2 per cent on package holiday sales – as Abta is demanding – is uncertain. Mr Edward Leigh, consumer affairs minister, has made it clear that he would prefer the travel trade to manage its own affairs, including the protection of its customers.

This may prove impossible in practice. For the first time since it assumed its consumer protection role after the Clarksons collapse in 1974, Abta – the industry's main trade association – has been forced to re-assess its blanket guarantee to consumers. Book a holiday through one of our members' shops, this says, and your outlay will be refunded even if the travel agency or tour operator goes out of business.

Such a guarantee did not pose a problem when the holiday business was buoyant, since relatively few travel companies ceased trading. Those that did were covered by their complex insurance bond arrangements with Abta, which formed part of a web of consumer protection embracing, for example, the Civil Aviation Authority.

But as the going got tougher, the cracks in Abta's consumer guarantee became evident. The insurance bonds were either too small or they did not cover all types of holiday – especially those undertaken by rail, sea, or coach. Now Abta's members – mainly small travel agents and tour operators – are being asked to pay a levy on their subscriptions to top up Abta's reserves. Many are rebelling at having to foot the bill for companies whose mismanagement (or worse) has forced them under.

Next week Abta's annual general meeting in the Welsh seaside resort of Llandudno is expected to be stormy. "We certainly will want some answers as to why Abta is having to levy its members three times in six months to pay for the mistakes of a few," says Mr Chris Carroll, chief executive of the National Association of Independent Travel Agents (Naita), which represents some 380 small travel agents which also belong to Abta.

At stake is the future of Abta itself. Other trade associations in the travel industry, such as Naita, and a newly-formed group representing large multiple agencies, are already making contingency plans for their own consumer protection guarantees should Abta cease operations.

Abta's survival depends on its members coming up with the levy: many small travel agents have protested that the lack of commissions during the Gulf war has left them too strapped for cash to pay. Abta, however, says that the typical small agent will only have to find between £60 and £70 extra, although a large multiple like Thomas Cook will have to pay more than £8,000.

If the levy does go ahead, Abta should have enough funds to survive through the summer. But in the longer term it may have to restructure its finances and organisation to meet the changing shape of the travel industry, where big and small companies are both members of the same association.

Does what is essentially an internal trade association row really matter to holidaymakers? The answer lies in the way in which Abta, set up in the 1950s to capitalise on the post-war thirst for travel, has carved out a niche. The association developed an arrangement whereby its travel agent members were obliged to sell only those package holidays run by Abta's tour operator members. In return, they would have the benefit of Abta's bonding scheme.

It was a restrictive agreement that was welcomed by the government after the Clarksons collapse led to calls for greater consumer protection.

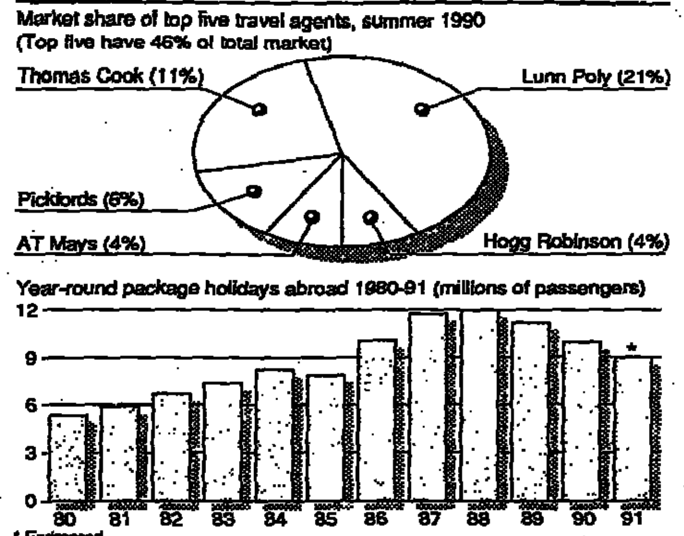
Abta's problem is that it was shouldering a commitment that its structure was not designed to deal with. "It was formed when travel was a cottage industry," says Mr Richard Lovell, managing director of the Pickfords travel agency chain. Rising consumer spending in the 1980s fuelled a surge in foreign package holidays: from 4m in 1980 to a peak of 12m three years ago. As the industry grew, so did the concentration of leading players.

While Abta has almost 3,000 travel agency members, accounting for some 7,000 high street outlets, almost two-thirds of sales are carried out through the 1,000 shops operated by the eight largest multiple travel agents. Similarly, the top half-dozen tour operators account for over two-thirds of all package holidays sold: yet nearly 700 tour operators belong to Abta.

This has created a conflict within the association. Abta's affairs are dominated by the small travel agents which provide the bulk of the membership but a minority of the travel business. Many small travel agents, moreover, are run as a hobby or sideline for their owners: costs of entry are relatively low because package holidays are sold on commission, and the opportunities for foreign travel are extensive. The head of a leading multiple agency says: "I don't see why my business, with a turnover in the tens of millions, should be determined by the whims of 'mom and pop' travel agents."

Travel agents' market share

Market share of top five travel agents, summer 1990 (Top five have 46% of total market)



* Estimated

China is divided and confused as it waits for the generation of revolutionary leaders to die. **Colina Macdougall** reports

Age of uncertainty in Peking

As Mr Douglas Hurd, Britain's foreign secretary, drove through the streets of Peking during his official visit to China this week, he will have seen the essence of what the Chinese call stability and prosperity. If he was able to take his mind off his discussions on Hong Kong, he may have been impressed by the crowds of amiable, well-dressed folk shopping in the overflowing markets and the spectacular new high-rise buildings.

He may even have spotted a few ragged east Europeans, scouring the lanes for cheap silk shirts and duck-down jackets to take back on the Trans-Siberian railway for sale at home.

The scene will have told him everything the Chinese leadership wants the world to believe – that order has been restored since the Tiananmen upheaval two years ago and that China's swiftly-rising living standards are now the envy of those former socialist countries that have been foolish enough to discard Marxist-Leninism.

But this is just China's customary show. Behind the well-rehearsed public attitudes, both the leadership and the nation are split as they wait for the aged patriarchs of the revolution to die.

A recent unprecedented pinprick of defiance showed the depth of popular feeling. This was a poem published in the overseas edition of the People's Daily on March 20, which – when its Chinese characters were read diagonally rather than horizontally – contained this hidden message: "Li Peng (the hard-line premier who masterminded the Tiananmen crackdown) must be removed from power to assuage popular indignation."

Burying messages of political protest like this is traditional in Chinese culture, but this message was unusually blunt.

Resentment simmers among the people of Peking who were the main victims of the crackdown, and in the provinces which want to continue developing their economies unhampered by ideology or interference from the centre.

Order in the capital is now preserved by a heavy police presence and high-tech surveillance. Two weeks ago a new top-level national security committee was set up, headed by Qiao Shi, number three in the party leadership and a lifelong policeman.

Nevertheless, the leadership still has reason to feel insecure – not least about the danger of further high-level defections. Xu Jiatun, former head of Peking's listening post in Hong Kong, the Xinhua news agency, and a senior party official, has, it is now acknowledged, left China permanently for California.

Wan Li, chairman of the National People's Congress, the rubber-stamp parliament now meeting in Peking, unaccountably postponed a visit to Britain last year – possibly because Peking was afraid he might ask for asylum. Wan, a reformer who returned from the US when the Tiananmen demonstrations were at their peak, was promptly locked up in Shanghai until the crisis was over.

Peking these days has something of a millennial atmosphere. Predictions of an impending earthquake last month took on special significance, since earthquakes traditionally foretell a change of dynasty. The earthquake, when it came, was relatively mild with its epicentre several hundred miles away – and it has not so far been reflected in the leadership.

But nobody doubts that change is coming. As one diplomat put it: "All the younger leaders are still running round forming little cliques, making sure they have backing from the key sectors in the army, the party and the bureaucracy for when the old men die."

This jockeying does not reflect the traditional division between hard-liners and reformists so much as personal ties. This makes it especially hard to predict what will happen when 86-year-old Deng Xiaoping, supreme leader and originator of the 1980s reforms, finally exits. The effects of the eventual demise of the aged Chen Yun, opponent of Deng and patron of premier Li Peng, the toughest advocate of central planning, are equally incalculable.

A death at the top could well dislodge Li Peng and the current compromise party leader, Jiang Zemin. It would also be certain to bring competitive and reformist provincial bosses like Ye Xuanping, governor of freewheeling Guangdong, or Zhu Rongji, mayor of Shanghai, into the stakes. Both have been reported as possible candidates for promotion to vice-premier at the current National People's Congress.

Shanghai mayor Zhu Rongji: reformist and likely candidate for a top post

Other contenders for top power could include Li Ruihuan, a brisk and pragmatic member of the key six-man Politburo Standing Committee, or, more unpleasantly, the so-called Yang family faction – President Yang Shangkun and his half-brother Yang Baibing, who, backed by some of the military, put down the Tiananmen demonstrators. But until they are put to the test, no-one has much idea of the relative strengths of these groupings.

In the prevailing uncertainty, the provinces struggle with the centre. Peking is simply not strong enough to insist that provinces abolish local protectionism or give back to the centre the rights to local taxes, two vital economic freedoms they gained in the years of reform. Different policies are echoed by different lifestyles; miniskirts and discos that would raise eyebrows in Peking are normal in Chengdu, capital of Sichuan province in China's south-west.

Still more worrying for Peking is the disaffection on the borders among Tibetans, Uighurs (in Xinjiang) and Mongolians. Tibet manifests another awkward problem, the activities of its exiled spiritual leader, the Dalai Lama. His prominence has been increased by the Iraqi invasion of Kuwait, which, as he points out, was not so different from China's occupation of Tibet in the 1950s.

His coming visit to Washington is likely to spotlight yet again China's dreadful record on human rights, which has overshadowed the Sino-US relationship since 1989. Peking is increasingly uneasy with the US which now so clearly surpasses the USSR in military and economic might.

This unease could turn into a rift with far-reaching consequences if this year Congress removes China's entitlement to Most Favoured Nation treatment (vital for China's export trade), as it almost did last year, on human rights grounds.

Matching all these political uncertainties is the underlying shakiness of the economy. Huge budget deficits caused by the authorities' reluctance to grasp the nettle of price and industrial liberalisation put at risk the real achievements of the years of reform.

What is more, although the urban markets look well supplied, the very success of the harvest in the last couple of years has meant falling prices and in many places a freeze, if not a drop, in peasant living standards.

At the National People's Congress Wang Bingqian, the finance minister, described the financial situation as "grim", an adjective he has used repeatedly in recent years but to little effect among his colleagues.

Aware of the vast sums consumed in propping up state industry and subsidising the prices of foodstuffs, energy and raw materials, Peking is now experimenting sporadically with reforms, such as introducing a stock exchange in Shanghai, deregulating grain prices and cutting subsidies to industry. However, reform can only work if the leadership courts still more unpopularity by slashing the perks of the labour force – such as the "iron rice-bowl" of guaranteed employment.

Though invisible to the casual eye, these are very serious problems. China is still in effect coasting on the impetus generated by its reforms in the early 1980s, but this is running out. Only a new reformist leadership with popular support could handle them effectively, but China will have to wait for the grim reaper and a big dose of luck to achieve that.

LETTERS

Poor in the developing world longing to taste the fruits of capitalist system

From Mr Donald Butcher.

Sir, The Bishop of Oxford, the Rt Rev Richard Harries ("Challenge to capitalism", March 30/31) writes that "the millions of poor in the developing world constantly tell us their experience of capitalism is a bad one". Where is his evidence for this statement? The real problem is that they have *not* experienced capitalism *as we know it*. As recent experience in eastern Europe dramatically demonstrates, the "poor people" know that only capitalism can bring them the opportunities and happiness they seek. They are now demanding just that.

The bishop's implication that Third World debt is somehow due to the shortcomings of capitalism is wrong and mischievous. He thereby denigrates a system of government in which we in the west should take pride for the real benefits it has brought.

To cite but one example to refute his theme, Hernando de Soto – in his extensive work in Latin America – finds conclusively that poverty is caused *solely* by corrupt and inefficient governments and the lack of a fair legal system which allows people to establish businesses, own property and trade in free and open markets. World Bank reports, admittedly after 40 years of research, now deliver the same message.

Given fair government and a trustworthy legal system, capitalism can give people what they want – dare one say even a taste of heaven on earth? A pale reflection, no doubt, of that ultimate heaven about which the bishop is far better qualified than most of us to write to the *Financial Times*.

Donald Butcher,
12 Burgh Heath Road,
Epsom, Surrey

Staff set restaurant standards

From Mr Raymond Kann.

Sir, Although we were given an interesting approach to restaurant valuation by Nicholas Lander ("When the price is right", March 23/24), a few details could be added.

Single, and even multiple, establishment proprietors who have any form of management accounts are a great rarity.

A restaurant is only as good or bad as the totality of its staff. If a new owner or manager appears, it is likely to lead to a change of personnel which is reflected in the standard of food and service. In a short time the clientele and takings will alter thus adjusting the "value" or "price" of the restaurant.

A vendor will set a price based largely on subjective ideas while the motives for acquisition will determine the price the purchaser is prepared to pay. As finance is often provided by a bank loan the availability of credit is a factor in determining the general level of prices obtained.

The mechanics of running a restaurant seem very easy in theory, but hard work, flair and luck are some of the ingredients required for success. Should any amateur wish to try their hand, always remember that for every gold mine there are dozens of ex-restaurateurs.

Raymond Kann,
Cannon Associates,
26 The Grove,
Edgware, Middlesex

Peter Pan lives

From Miss Phillipa Wilder.

Sir, I was interested in Jackie Wullschlager's article on the national curriculum's reading list for seven-year-olds. ("Twilight of the enchanters", March 30/31). I think she is right because I like imaginative stories such as "Ten in a Bed" by Alan Ahlberg and André Amstutz.

I also like fairy stories and the Narnia Tales by C.S. Lewis.

Phillipa Wilder, age 7,
RAF Laarbruch, BFPO 43

Bright sparks

From Mr Bevan Smedley, MA (Cantab).

Sir, Perhaps the prime minister's comments concerning academic qualifications and common sense are truer than I had believed hitherto.

The comment by Observer concerning Oxford graduates and lightbulbs, (April 3), does not shine much credit upon them. Have they not noticed that in the UK, where presumably most of them live, lightbulbs have a bayonet fitting and so require a push before relying on the world to rotate?

Bevan Smedley
14 Kilham Lane,
Winchester,
Hampshire

Jerry-building practices fading into history books of construction

From Mr A. Magnus.

Sir, Mr Plender's arcane arguments ("Housing hiatus", March 30/31) on the state of the British housing market are all very well (although some would argue with his more doubtful assertions such as, "British interest rates are, in effect, set by the Germans") but he has completely missed mentioning what is likely to be a determining factor in future housing pricing structures in the UK, namely, value for money.

The tradition in which the British payed high prices for poor quality is coming to an end. Just as the refusal to accept inferior food is being reflected more and more in the variety of top quality goods being offered by the high street supermarkets, so will the rejection by purchasers of jerry-building practices become a predominant feature in an ever-widening choice of property.

The ready acceptance of inferior quality is now being mitigated by the opportunities of comparison with the different types of goods available abroad, and just as yellowing lettuces, squashy tomatoes and mousetrap cheese are becoming things of the past, so will plasterboard walls, compressed fibre floors, orange-box type wood for window and door frames, water tanks in the roof and such undesirable practices of the past (and, in too many cases, present).

House prices in the UK are considered at the moment to be low. However, in terms of their value for money the prices are preposterously high.

No self-respecting Belgian would think of accepting the inferior mass-produced style of house which is currently offered in England at a price higher than he would pay for an individual, architect-designed home of superior quality in a place soon to be only a couple of hours travel away from the UK. Nor indeed would a native of Germany or Greece, to say nothing of France.

Developers who are responsible for all of the inadequacies inherent in British house construction will – as the single market evolves – be in competition with builders who know about quality, design, materials and finish.

What price British housing then?

A. Magnus,
70 Avenue Boulogne
Billancourt,
1330 Rixensart,
Belgium

Complex range of factors behind 1980s surge and ensuing recession

From Mr J.C. Sharp.

Sir, The governor of the Bank of England recently said – in evidence given to the Commons Treasury and civil service committee – that "excessively competitive" lending by banks and building societies in the late 1980s had fuelled the housing boom and therefore restrictions on the level of individual mortgages might be needed.

The housing market cannot be held responsible for the late 1980s consumer boom and the present recession, nor can "excessively competitive" lending be held responsible for the housing boom. The market place is more complex than this.

The most important factors are common:

- Monetary policy was mismanaged; the impact of the stock market crash in October 1987 was over-estimated and interest rates were kept unduly low.
- The rate of growth in real incomes doubled during the 1980s – and as in 1972-73 and 1978-79 rapid growth in real incomes was accompanied by strong growth in consumer spending.
- There were reductions in income tax which engendered a feeling of confidence in consumers and further raised disposable income.
- House prices were further boosted by the government's decision in 1988 to transfer tax relief on mortgage payments from the individual to the dwelling; four and a half months notice to quit seemed excessive even then.

Having queried the governor's impish sense of fun as to where we were, and why, let me say that there is no chance of a house price and lending explosion in the short to medium term. And one does not have to look far to discover the reasons.

For many years leading up to the 1980s, personal sector debt was equivalent to about 50 per cent of annual personal sector disposable income. Following the deregulation of the early 1980s this ratio began to climb sharply and by 1989 it had reached 114 per cent.

It is almost inconceivable that this ratio can continue to rise at the same rate, and in any case, the recession will prove an effective constraint on house prices in the short term.

Your editorial ("The closing of the stable doors", April 3) succinctly points out that the best method of controlling lending – interest rates – will work.

Now that we have entered the ERM, UK monetary policy is likely to be more stable than the nation experienced during the 1980s. Indeed, judging by French experience it is likely to be tougher than if the UK were left to its own devices. A tight monetary and anti-inflationary stance will prove sufficient to ensure a stable housing market.

Christopher Sharp,
managing director,
Northern Rock
Building Society,
Northern Rock House,
Gosforth,
Newcastle upon Tyne

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

UK packaging companies in £109m buy-out

By John Thornhill

SCA, the Swedish pulp, paper and packaging company, has overturned a preliminary agreement to sell two UK packaging companies to Mayr-Melnhof, of Austria, and has accepted a higher offer from a management buy-out team.

In January, SCA agreed to sell Field Packaging and Colthrop Board Mill to the Austrian company for £102m, but it has now received an offer of £109m, which roughly corresponds to the price it originally paid for the businesses.

The acquisition consideration is payable in two tranches – one of £58m payable now and the balance becoming due after three years. The buy-out is being backed by CIN Venture Managers, the venture capital arm of the British Coal Pension Funds.

The two companies have had a complicated history and their ownership has changed three times in as many years.

Field Packaging and Colthrop Board Mill originally formed part of Reedpack, which was bought out from Reed International by a management team for £608.6m in 1988.

Two years later Reedpack was sold to SCA for £1.05bn and the 300 senior managers who backed the buy-out saw their investment increase 34-fold.

Field Packaging is a substantial manufacturer of folding cartons and has operations both in the UK and in Belgium. Colthrop Board Mill produces about 60,000 tonnes of recycled coated carton board a year.

The two companies have a combined turnover of about £140m and employ roughly 2,250 people.

SCA has declared its intention to dispose of Reedpack's underperforming divisions. Last month, the Swedish company revealed a 22 per cent fall in profits and announced a substantial package of streamlining measures.

Midland Bank cuts salaries at the top

By David Barchard

MR GENE Lockhart, chief executive of the Midland Bank's UK banking operations, took a £300,000 pay cut in 1990, but remained the bank's highest paid director.

Mr Lockhart's salary plunged by 40 per cent from £725,844 in 1989 to £429,216 last year.

Midland's chairman, Sir Kit McMahon, who takes early retirement in June, took a pay cut of 10 per cent, with his salary falling from £329,616 to £295,703 in the same period.

The pay cuts came during a year in which Midland turned in one of the worst performances ever reported by a UK bank.

Midland made a pre-tax profit of only £11m, far below the profits of its competitors among the other large banks, and halved its dividend from 18p to 9p.

As a result, Sir Kit offered his resignation and Mr Brian Pearse, finance director of Barclays, was brought in as chief executive.

The pay cuts, reported in Midland's annual report and accounts published yesterday, show that total pay cheque for the bank's directors tumbled from £3.16m in 1980 to £2.63m. Three directors waived their fees, totalling £36,000.

Once the favourite, the Sorrell has now been hobbled

Alice Rawsthorn looks at the bleaker future facing WPP and its Icarus-like chief

A RECENT edition of the Economist ran a cartoon of Mr Martin Sorrell as Icarus, the ill-fated figure from Greek mythology whose wings melted in the sun. A few days later Mr Sorrell, fresh from a skiing holiday, attended an Economist dinner and was asked how he got his tan. "Well," he said, "I flew too close to the sun."

This week Mr Sorrell, chief executive of WPP, the world's largest marketing services group, discovered how fierce the scorching sun can be when WPP ended months of negotiations with its bankers by finalising its $1bn (£559m) financial restructuring.

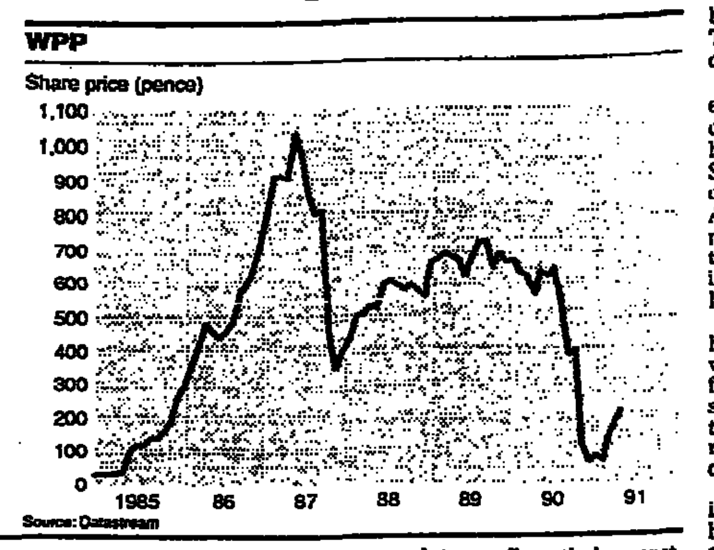
The restructuring means that WPP, which was struggling to service the debts amassed by Mr Sorrell's acquisitions in the late 1980s, has won a reprieve while it weathers the recession in the international marketing industry.

It also means the group will be in thrall to its banks for the foreseeable future. WPP has to repay or refinance $400m of its debt by June 1993 and repay the remaining $604m four years later. In the meantime it must find an extra $5m a year in interest and up to $35m in banking fees. It is also unable to offer any dividends at least until June 1993.

Mr Sorrell has bought himself an expensive breathing space of two years in which to repay the first tranche of his debt to avoid yet another restructuring in June 1993.

The consensus in the City is that he will probably pull it off.

Martin Sorrell: Has bought himself an expensive two year breathing space



Disposals are the likeliest solution, given that WPP will almost certainly not be able to repay its loans from cashflow. Ms Lorna Tilbian, advertising analyst at Warburg Securities, suspects Mr Sorrell will wait until next year "when the market has recovered and he is no longer seen as a distressed seller".

Alternatively, she said, he may wait for WPP's shares to rise and stage a rights issue.

In the meantime, Mr Sorrell has to get to grips with WPP's operational problems. The group made pre-tax profits of £90m in 1990, although this would have been reduced to £84m had it taken reorganisation costs above the line, as did Saatchi & Saatchi, one of its main competitors. Warburg forecasts a fall in profits to £45m for 1991.

The main reason for the fall is the impact of the recession on WPP's advertising and public relations interests in the US and the UK. The main areas of weakness are believed to be Ogilvy & Mather in advertising and Hill & Knowlton in public relations. J Walter Thompson, the other main advertising agency, is thought to be reasonably resilient.

The crux of Ogilvy's problem is morale. Ogilvy is a proud company which fought fiercely against WPP's $864m hostile bid two years ago. The main concern of its managers was that Mr Sorrell would have to squeeze Ogilvy to service WPP's debts.

Recent events have only served to confirm their worst suspicions.

However, there are some encouraging signs. The flagship Ogilvy agency in New York, once seen as a weak part of the company, is recovering. Its new business record has improved – this week it won a $20m account from Nynex, the New York telecommunications company – and it was named Agency of the Year by Ad Week, the US trade magazine.

But morale at the agency is still low. And, in private at least, its managers still rail against the takeover. The head of Ogilvy, and his counterpart at JWT, have crossed swords with Mr Sorrell over budgets. Somehow Mr Sorrell has to convince Ogilvy and WPP's other subsidiaries that they are better off within the group. This could well be his toughest challenge.

Mr Sorrell, who is undoubtedly capable and conscientious, can be a charming man but he lacks the charisma that the Saatchi brothers, his former employers, have in abundance. And charisma is arguably more effective than conscientiousness at motivating people in an impressionable industry like advertising.

So far Mr Sorrell has styled himself as a financial whizzkid who has taken care of the financial affairs of WPP's subsidiaries and left the operational heads to concentrate on running their advertising agencies and design companies.

The drama of the restructuring has undoubtedly damaged his credibility in the financial arena not only with WPP's employees, but also with the City. The banks, which have already insisted on changes to WPP's financial structure, would like a new senior manager to work with Mr Sorrell on the WPP board. Mr Sorrell would prefer to limit any changes to the appointment of another non-executive director.

Given that WPP's financial agenda is now dominated by debt repayment, Mr Sorrell should turn his attention to strategic issues. It remains to be seen whether he will adapt to a new role and whether WPP can recover enough momentum to persuade the City – and the Economist's cartoonists – to forget the image of Mr Sorrell as Icarus with his sun-scorched wings.

Conder £19m in the red

By David Owen

BIG LOSSES on contracts at Broadgate and One America Square in the City of London have sent Conder Group, the Winchester-based construction and property company, tumbling into the red. The shares responded with a 6p fall to 40p.

The loss for 1990 reached £19.29m, compared with a taxable profit of £10.42m. Without a deficit of £22.17m (£6.02m) sustained by Elemeta, a curtain walling company Conder bought 75 per cent of for £1m in February 1988, the group would have shown a profit of £3.67m.

Mr Christopher Stewart-Smith, Conder chairman, said Elemeta's problems arose from contracts inherited with the purchase. "We had continuing problems getting the contracts completed on time," he said.

This resulted in considerable cost overruns, exacerbated by the beating down of prices to "quite unrealistic levels" in the original negotiations.

Conder said that it did not expect any further significant losses on the contracts to be incurred for which provision had not already been made.

In the light of its losses, the group passed its final dividend (10p), having declared and made an interim payment of 0.3p (6p).

Turnover was down to £289.1m from £300.3m. The loss per share was 39.5p, against earnings of 16.9p.

Since the year-end, the group has proposed selling 61 per cent of its Conder Products forecourt services business in a deal which would yield an initial £15.05m in cash with a further sum of up to £8m payable in September 1992 depending upon performance.

Coupled with property sales announced last month and taking into account Conder's estimate of what the deferred consideration for Conder Products will be, gearing would be reduced to a "reasonably manageable" 32 per cent.

This would compare with an actual year-end gearing level that Mr Stewart-Smith admitted had "got into the stratosphere" at "in excess of 300 per cent." Off-balance sheet borrowing, meanwhile, has been reduced to £3.8m.

Cronite shares suspended

By Andrew Bolger

Shares in Cronite Group were suspended yesterday after the Birmingham-based alloy and metals processor said the board had become aware of irregularities at two of its subsidiaries.

The shares Cronite's shares were suspended at 12p, giving the company a market value of £1.9m. Last week the shares were trading at 35p.

Cronite said the irregularities at the subsidiaries, Abtex and Cronite Alloys, would materially reduce the results previously expected for the current year.

The group's bankers, Barclays, and auditors, Arthur Anderson, had started an investigation and their report was expected shortly. Cronite promised a full statement, including details of the remedial action to be taken.

Tubular Edgington to refinance as losses mount

By Roland Rudd

TUBULAR Edgington, formerly Tubular Edgington Group which acquired Black and Edgington in June 1989, yesterday announced a major refinancing package after reporting increased pre-tax losses of £5.78m for the six months to January 31. Comparable losses were £975,000.

The refinancing programme of the USM-quoted provider of crowd control barriers, seating and accommodation for exhibitions, contains four main planks. Midland Bank is converting £6.25m debt into preference shares convertible after a year into 125m new ordinary shares.

Hit Investments, a 90 per cent subsidiary of Hillsdown Holdings, Mr David Gordon, the new executive director, and Mr David Fox, the new finance director, have raised £2m for 200m new shares at 1p.

A further £1.9m has been raised by issuing 215.65m new shares at 1p in an open offer at 3-for-1. It is placed with institutions, subject to clawback by shareholders.

Trusthouse Forte has reduced the group's leasing liability by £750,000 in exchange for £300,000 worth of warrants.

The results contain £2.5m of exceptional costs after the value of assets was reviewed and the company's subsidiary, MSE International, which specialises in the design and construction of exhibition stands, was closed.

Extraordinary costs of £1.4m reflect the write-off of development costs of a plastic seating project and a provision for reorganisation costs.

BPP plans £12.4m rights for acquisition

By Roland Rudd

BPP Holdings, the financial training and publishing group, plans to raise £12.35m to fund an ambitious acquisition programme.

The 1-for-4 rights issue at 255p per share, fully underwritten by Kleinwort Benson, will be primarily used to buy more language schools throughout Europe.

Mr Richard Price, chairman, said he wanted to build on the 50 language schools in the Linguarama group, which has a 67.7 per cent stake in Markus Verbeek, an Amsterdam accountancy school.

BPP recently opened a new school in Rome and is planning to start another in London. It also plans to expand its publishing business.

All-round growth recently helped BPP to lift pre-tax profits by 61 per cent from £3.23m to £5.19m over 1990. Turnover more than doubled from £10.23m to £21.09m.

Winding up order applied for at Polly associate

By David Barchard

MR CHRISTOPHER MORRIS, one of the three administrators handling the affairs of Polly Peck International, has applied to the High Court for a compulsory winding up order on South Audley Management.

A Serious Fraud Office raid last September on the company, a key part of the empire of Mr Asil Nadir, chairman of Polly Peck, contributed to the collapse of the fruit and electronics congolmerate.

The administrators also announced yesterday the first important disposal of a Polly Peck subsidiary. Russell Hobbs Tower, the electric kettle and cookware company, has been sold to Pifco Holdings for £7.75m in cash.

The petition submitted by Mr Morris on Thursday is due to be heard in May. If it is succeeds, the official receiver will takeover the company's affairs and a meeting of creditors will be convened within 12 weeks.

Yesterday a spokesman for Mr Morris at Touche Ross, the accountancy house to which he belongs, confirmed that Polly Peck is among South Audley Management's creditors.

The intervention in South Audley Management's affairs by Mr Morris, the Polly Peck administrator handling the personal affairs of Mr Nadir, is the latest twist in a battle over its liquidation.

South Audley handled property and other personal management services for Mr Nadir and family. Last summer it was at the centre of allegations of irregular dealinmgs in PPI shares.

Pifco pays administrator £7.8m for Russell Hobbs

By Michiyo Nakamoto

PATIENCE HAS paid off for Pifco Holdings, the electrical appliances group, which is acquiring Russell Hobbs Tower from the administrators of Polly Peck International for a little over half of net asset value.

The acquisition, for a maximum consideration of £7.75m in cash, fulfils Pifco's long-held ambition to acquire Russell Hobbs, for which it was underbidder at £12m when Polly Peck acquired it in 1987. The addition to the group will more than double its size.

Mr Michael Webber, Pifco chairman, said the move made strategic sense as all the products of Russell Hobbs, the leading kettle and cookware maker, were complementary to those of Pifco. The news triggered a 23p rise in Pifco's shares to 327p.

Pifco has had a long standing aim of expanding through acquisitions but has moved very cautiously in fulfiling that goal. The acquisition in 1985 of Salton, a maker of kitchen appliances which proved to be in a worse position than it was led to believe, perhaps, did not help. In 1987 it bought Carmen, a loss-making heated hair roller company, which gave it a third brand.

Its conservative valuation of companies for sale has lost it a number of opportunities in the past. "One cannot always wait," Mr Webber commented.

Having been the underbidder for Russell Hobbs Towers, and kept most of its investments in cash, it is now acquiring two key brand names for nothing. The purchase price is at a substantial discount to net assets of £14.3m at the end of last year. The acquisition will be financed from internal resources and new banking facilities.

NEWS DIGEST

Johnston falls 20% to £5.9m

THE DEPRESSED property market has dragged down annual profits at Johnston Group, the specialist civil and mechanical engineer, writes David Owen.

Pre-tax profits for 1990 fell by 20 per cent from £7.32m to £5.86m. Stripping out last year's £613,000 exceptional charge, the decline was 26 per cent. Turnover advanced to £126.4m compared with £107.1m.

The Redhill-based company said that trading conditions since the year-end had continued to deteriorate and that profit expectations for 1991 were "at present lower than those of 1990."

Despite a reduced final dividend of 8.5p (9p) being recommended, the total was maintained at 13p. Earnings per share slipped, however, to 30.48p (40.33p).

Johnston's property division contributed a loss before interest of £1.69m (profit £536,000).

Civil engineering supplies remained the principal source of profits, contributing £4.45m (£4.88m) on turnover of £25m (£20.67m).

Civil engineering and road maintenance generated £1.66m (£1.92m) on turnover of £43.51m (£48.81m). Civil engineering returned to profit despite lower than expected capital expenditure by the water companies.

Engineering and hydraulics contributed £1.38m (£107,000 after the exceptional charge) on turnover of £49.5m (£37.6m).

Refinancing for Clearmark after loss

Clearmark, the maker and distributor of toys which is also involved in sports promotion and publishing, reported pre-tax losses of £3.27m for 1990 compared with profits of £1.3m.

At the same time the company announced a refinancing and restructuring package including a rights issue of 2.24m preference shares to raise £2.24m on the basis of one preference share for every 60 ordinary held and one preference for every £9 nominal of stock held. It is 74 per cent underwritten or committed.

Clearmark is also reducing its dependence on the toy trade and concentrating on the development of the profitable Wembley branded sports and outdoor leisure activities business.

Included in the package is a conversion of bank borrowings, a consolidation of the ordinary shares to increase their marketability and, in order to reduce the capital of the company, the deferred shares will be cancelled.

During 1990 turnover improved to £27.85m (£23.93m) but operating losses amounted to £758,000 (£2.17m profit). There was also an exceptional loss of £701,000. The loss per share was 2.69p (1.35p earnings).

DC Gardner shares fall sharply

Shares of DC Gardner, which has interests in education and vocational training, businesses services and management consultancy, fell 25p to 104p yesterday on news that the latter part of 1990 had been characterised by difficult circumstances and a disappointing trading performance.

Buoyed by acquisitions, turnover for the 12 months rose to £23.65m (£9.85m) and pre-tax profits to £2.11m (£1.6m).

Earnings emerged at 8p (10.7p). A same-again final dividend of 3.2p makes a 4.5p (4.3p) total. Profits for the first six months pushed ahead from £381,000 to £1.05m and in their interim statement last August the directors anticipated a satisfactory result for the full year.

Loss grows to £0.2m at George Ingham

Losses increased from £96,000 to £223,000 pre-tax in 1990 at George Ingham & Co (Holdings).

The Halifax-based worsted spinner said that the second half of the year had been as difficult as envisaged with the textile industry as a whole suffering problems through high interest rates and many companies going to the wall.

World wool prices, particularly Australian wool, caused the other major financial problem, the company added. Sharp falls in wool prices adversely affected 1990's trading profits by about £100,000.

Turnover slipped to £5.11m (£5.26m) and the losses per share worked through at 6.1p (2.4p). A same-again final dividend of 2p has been proposed for a maintained 3p total.

Acquisitions help lift Pittencrieff

Acquisitions made in 1989 helped pre-tax profits at Pittencrieff, the Edinburgh-based oil and gas producer, jump from £707,956 to £2.03m in 1990.

Earnings per share rose from 11.37p to 14.01p and a recommended final dividend of 2.5p makes a total for the year of 4.5p.

The company said that in 1991 shareholders could look forward to a full year's contribution from the acquisition of A&B Electronics and the prospect of significant returns from investment in assets.

Group turnover more than doubled to £5.26m (£2.13m) with oil and gas related activities contributing £3.8m, communications £1.32m and other activities £135,608. Profits on those were £1.97m, £618,717 and £60,114 respectively.

Dawsongroup moves into the red

Dawsongroup, the commercial vehicle rental, contract and dealer company, blamed the worst conditions it had ever experienced for its move into the red in the year to December 31.

The group made pre-tax losses of £390,000 (profits of £3.14m). Turnover fell by 6 per cent to £48.26m (£51.25m).

Having passed its dividend at the interim stage, the directors have recommended a first and final payment of 1.5p. Last time the final was 1.6p for a total of 3.2p.

A loss of 1.1p per share compares with earnings of 8.4p in the corresponding period.

Surrey Group profits warning

The directors of the Surrey Group, a USM company with interests in betting and gambling, said yesterday that its results for the year to March 31 would be disappointing and would not show any significant improvement over the position at the half-year stage.

For the six months to September 30 1990 the company incurred a pre-tax loss of £198,000 compared with previous profits of £138,000.

Circaprint into receivership

Circaprint, the USM-quoted maker of printed circuit boards, has gone into receivership after failing to agree refinancing proposals with its bankers, writes Jane Fuller.

Mr Nik Askaroff, chief executive said: "Two years ago this was a profitable business working at full capacity." The decision was taken to expand and a new factory had been built in Northern Ireland, but in the meantime the market collapsed.

By last August, net debt had risen to £7m compared with shareholders' funds of only £2m. A £2.5m pre-tax loss was made on turnover of £12.8m.

Circaprint's shares were suspended at 7p yesterday, giving the group a market value of £400,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Dawsongroup ....fin	1.5☆	June 28	1.6	1.5	3.2
Gardner (DC) ....fin	3.2	-	3.2	4.5	4.3
Ingham (George) ....fin	2	May 7	2	3	3
Johnston Group ......fin	8.5	July 3	9	13	13
Pittencrieff ....fin	2.5	May 21	-	4.5	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip option.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	25	43	16	177	60	101
Corps, Dom. & Foreign Bonds	1	5	14	18	6	56
Industrials	341	289	915	1,742	964	3,475
Financial and Props	166	99	481	814	394	1,776
Oils	26	20	46	86	94	190
Plantations	0	1	9	3	3	34
Mines	23	54	85	131	156	361
Others	43	69	55	220	231	201
Totals	625	580	1,621	3,191	1,908	6,194

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991 High	Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	-	61	60	Aberdeen Trust 10p	60	-1	2.5	1.8	5.6	13.5
†	F.P.	-	31	29	Do. A Warrants 10p	31		-	-	-	-
40	F.P.	-	49	43	Alliance Res. 10p	44		-	-	-	-
100	F.P.	-	106	104	Contra-Cyclical Inc 1p	106		-	-	-	-
25	F.P.	-	25½	22½	Do. Capital	25½	+½	-	-	-	-
100	F.P.	-	101	100	Drayton Blue Chip Tst.	101		-	-	-	-
§100	F.P.	-	95	58	♦Eidos 10p	60		-	-	-	-
75	F.P.	-	75	65	Etonbrook Props.	68		-	-	-	-
-	F.P.	-	18	13	♦Europe Energy 5p	15		-	-	-	-
-	F.P.	-	4025	3475	Eurotunnel Fndr. Wrnts.	3800		-	-	-	-
100	F.P.	-	105	104	Geared Income Inv. Tst.	104		-	-	-	-
-	F.P.	-	165	90	JF Pacific (New Wrrnts)	163		-	-	-	-
-	F.P.	-	9	6	MMI Warrants	9		-	-	-	-
175	100	-	140½	110	National Power	129½	-3	R8.24	2.7	8.5	5.6
175	100	-	140½	112	PowerGen	127½	-2	R8.32	2.6	8.7	5.8
50	F.P.	-	45	42	Trio Inv. Trust	42		-	-	-	-
-	F.P.	-	9	6	Do. Warrants	8		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	83	+3
50p	-	-	56p	55p	Contra-Cyclical Zero Div. Prf 50p	55p	
100p	-	-	106p	105p	Drayton Blue Chip Tst. Zero Prf £1	105¼p	
100p	F.P.	-	115p	93p	Evered Bardon 7.25p (Net) Cnv Rd Pf	111p	
‡	36½	29/11	38p	30p	§Greenacre Group Cr. Rd. Prf. 70p	30p	
35	-	-	47½	29½	Grovewood Securities 8pc Cr Ln 2000	47½	
100p	F.P.	-	103p	80p	Lilleshall 9pc Cv. Rd. Prf. £1	102p	
100	F.P.	-	103¾	103	RMC Capital 8¼pc Cnv. Bds. 2006	103¾	
100p	F.P.	-	124p	96p	TT Group 10¾pc Cnv. Red. Prf. 1997	124p	+4
100	F.P.	-	103½	103¼	Tarmac 9½pc Cnv. Cap. Bds. 2006	103¼	
100p	F.P.	-	144p	97p	Worcester Cm Rd Cv Pf	144p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	Low	Stock	Closing Price p	+ or -
800	Nil	-	155pm	94pm	Bass	154pm	+16
105	Nil	-	27pm	13pm	Coolone Group	20pm	+5
155	Nil	-	39pm	32pm	Hartstone Grp. 10p	39pm	+2
90	Nil	-	17pm	16pm	Rotork Johnson	16pm	
A$5.25	Nil	-	21pm	14pm	Nat. Australia Bank A$1	15pm	-1
238	Nil	-	37pm	26pm	Persimmon 10p	36pm	
510	Nil	-	88pm	58pm	Redland	87pm	
10	Nil	-	11½pm	5pm	Saatchi & Saatchi 10p	10¼pm	+1¼
200	Nil	-	35pm	30pm	Sage Group 5p	31pm	
360	Nil	-	55pm	48pm	Wilson Bowden	54pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings March 18
- Last Dealings April 5
- Last Declarations June 27
- For settlement July 8

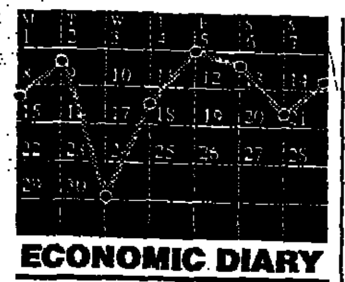
For rate indications see end of London Share Service

Calls in ADT, Berisford Intl., Business Technology, Control Secs., Erskine House, Eurotunnel units, Oliver Res., Premier Cons., Saatchi & Saatchi and Strong & Fisher. Puts in WPP and Ratners.

FT-ACTUARIES SHARE INDICES - QUARTERLY VALUATION

The market capitalisation of the groups and sub-sections of the FT-Actuaries indices as at March 28 1991. Comparative figures are also shown for the quarter ending December 1990, both *before* and *after* year-end changes. The current number of constituents are shown to the right of the Group name *followed* by the number, in parentheses, before year-end changes.

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses denote number of stocks)			Market capitalisation as at Mar.28,1991 (£m.)	% of all share index	Market capitalisation as at Dec.31,1990 (£m.) (After)	% of all share index	Market capitalisation as at Dec.31,1990 (£m.) (Before)	% of all share index
1	CAPITAL GOODS GROUP	187	(196)	73,486.04	15.13	61,789.54	14.87	61,930.09	15.09
2	Building Materials	24	(26)	14,481.98	2.98	12,237.71	2.94	12,261.07	2.99
3	Contracting, Construction	31	(34)	6,544.48	1.35	5,246.17	1.26	5,288.39	1.29
4	Electricals	10	(10)	3,405.67	0.70	2,603.33	0.63	2,603.33	0.63
5	Electronics	26	(26)	9,080.28	1.88	9,410.54	2.27	9,410.54	2.29
6	Engineering-Aerospace	8	(8)	4,824.97	0.99	4,327.51	1.04	4,327.51	1.05
7	Engineering-General	47	(48)	7,930.81	1.63	6,304.82	1.51	6,328.71	1.54
8	Metals and Metal Forming	8	(8)	4,370.30	0.90	3,597.16	0.87	3,597.16	0.88
9	Motors	13	(13)	4,080.53	0.84	3,442.77	0.83	3,442.77	0.84
10	Other Industrial Materials	20	(23)	18,767.05	3.86	14,619.53	3.52	14,670.61	3.58
21	CONSUMER GROUP	185	(178)	166,829.18	34.34	140,970.73	33.94	136,077.61	33.16
22	Brewers and Distillers	22	(22)	30,939.08	6.37	27,047.64	6.52	27,047.63	6.59
25	Food Manufacturing	20	(19)	21,407.18	4.41	18,579.71	4.47	18,517.27	4.51
26	Food Retailing	16	(16)	18,006.90	3.71	15,158.52	3.65	15,158.52	3.69
27	Health and Household	21	(18)	40,026.38	8.23	32,119.21	7.74	31,741.90	7.74
29	Hotels & Leisure (Leisure)	21	(32)	12,328.16	2.54	10,944.00	2.63	10,647.74	2.59
30	Media	24	(—)	13,452.12	2.77	11,378.97	2.74	—	—
31	Packaging, Paper & Printing	16	(12)	5,291.78	1.09	3,376.11	0.81	3,399.77	0.83
32	Publishing and Printing	—	(13)	—	—	—	—	7,173.61	1.75
34	Stores	34	(34)	23,060.95	4.74	20,606.86	4.96	20,606.86	5.02
35	Textiles	11	(12)	2,316.63	0.48	1,759.71	0.42	1,784.31	0.44
40	OTHER GROUPS	108	(105)	111,651.41	22.99	91,681.19	22.07	88,758.63	21.63
41	Agencies	—	(14)	—	—	—	—	4,466.61	1.09
41	Business Services	13	(—)	5,609.45	1.15	4,587.58	1.10	—	—
42	Chemicals	21	(23)	15,236.90	3.15	12,748.04	3.07	13,600.52	3.31
43	Conglomerates	10	(13)	16,136.56	3.32	13,224.11	3.18	15,366.10	3.75
44	Transport	14	(15)	10,277.37	2.12	9,405.75	2.26	9,211.11	2.24
45	Electricity	14	(—)	11,194.43	2.30	6,181.76	1.49	—	—
46	Telephone Networks	4	(3)	29,701.02	6.12	24,454.82	5.89	24,454.82	5.96
47	Water	10	(10)	7,940.51	1.63	7,292.03	1.76	7,292.03	1.78
48	Miscellaneous	22	(27)	15,555.17	3.20	13,787.10	3.32	14,367.44	3.50
49	INDUSTRIAL GROUP	480	(479)	351,966.63	72.46	294,441.46	70.88	286,766.33	69.88
51	Oil and Gas	20	(21)	52,576.17	10.83	51,227.24	12.33	51,237.61	12.48
59	500 SHARE INDEX			404,542.80	83.29	345,668.70	83.21	338,003.94	82.36
61	FINANCIAL GROUP	97	(102)	67,760.88	13.95	58,508.39	14.08	58,576.66	14.27
62	Banks	9	(9)	27,169.37	5.60	22,971.51	5.52	22,971.51	5.60
65	Insurance (Life)	7	(7)	9,030.74	1.86	7,428.89	1.79	7,428.89	1.81
66	Insurance (Composite)	6	(6)	11,715.05	2.41	10,211.18	2.46	10,211.18	2.49
67	Insurance Brokers	8	(8)	3,132.26	0.64	2,578.27	0.62	2,578.27	0.63
68	Merchant Banks	7	(7)	2,532.17	0.52	2,072.48	0.50	2,072.48	0.50
69	Property	40	(44)	10,863.01	2.24	10,387.55	2.50	10,440.89	2.54
70	Other Financial	20	(21)	3,318.28	0.68	2,858.51	0.69	2,873.44	0.70
71	Investment Trusts	69	(70)	13,411.19	2.76	11,260.24	2.71	11,289.58	2.75
91	Overseas Traders	—	(5)	—	—	—	—	2,526.57	0.62
99	ALL-SHARE INDEX	666	(677)	485,714.87	100.0	415,437.33	100.0	410,394.75	100.0



ECONOMIC DIARY

TODAY: Consumer Congress continues in Belfast (until Sunday).

MONDAY: Housing starts and completions (February). Credit business (February). Retail sales (February-final). European Community finance ministers are expected to discuss farm spending at their meeting in Luxembourg. Special European council meeting in Luxembourg to discuss means of improving co-ordination in European Community foreign policy in the wake of the Gulf war during which the lack of a common and co-ordinated foreign policy was widely perceived; IGC meets in Luxembourg to discuss. European monetary union. Taiwanese National Assembly begins extraordinary session to discuss constitutional reform. Mozambique peace talks due to resume in Rome (until April 10). Pearson results.

TUESDAY: Blue Arrow trial resumes.

WEDNESDAY: Advance energy statistics (February). US capital spending (fourth quarter). Western European Union defence committee holds meeting in Paris (until April 11). First official visit to UK by Mr Patricio Aylwin, president of Chile (until Monday April 15). Mr Kenneth Baker, home secretary, launches first crime prevention week.

THURSDAY: Quarterly analysis of bank advances (December - February). US producer price index (March); retail sales (March). Nato military chiefs of staff meet in Brussels (and Friday). Green Party spring conference in Bridlington (until Sunday). Indian Sugar Mills makes a decision on the organisation of future exports.

FRIDAY: Usable steel production (March). Retail prices index and tax and price index (March). Capital issues and redemptions (March). National conference in Warsaw of the Liberal Democratic Congress; Mr Jan Bielecki, prime minister of Poland, attends before he heads for talks in London with European Bank for Reconstruction and Development. Conference on "Important changes to the Stock Exchange listing rules and the requirements for the USM" to be held at CFS Conference Centre in London.

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Friday April 5 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Apr 4 Index No.	Wed Apr 3 Index No.	Tue Apr 2 Index No.	Year ago (approx) Index No.	1991 High	1991 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (187)	886.64	-0.1	11.19	5.45	10.95	9.61	887.71	885.89	875.01	845.45	890.04 15/3	675.31 16/1	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (24)	1145.03	-0.5	11.59	5.40	10.63	5.50	1150.93	1152.22	1136.62	1036.49	1167.75 14/3	911.64 16/1	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (31)	1413.40	-0.7	10.48	5.59	12.33	15.34	1423.32	1411.13	1400.43	1381.93	1438.66 15/3	1051.83 23/1	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (10)	2463.13	----	10.87	5.43	11.34	13.27	2462.53	2495.28	2460.60	2454.43	2495.28 3 /4	1837.98 22/1	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (26)	1854.97	-0.7	8.48	4.82	15.68	3.12	1867.87	1859.04	1827.52	1766.74	1958.19 15/3	1478.08 16/1	2308.22 19/5 /89	1229.01 8 /10/85
6 Engineering-Aerospace (8)	466.42	+1.0	14.95	5.34	8.07	8.86	461.78	460.19	455.34	431.58	466.48 6 /3	380.48 16/1	502.42 13/6 /90	380.48 16/1 /91
7 Engineering-General (47)	468.00	+0.5	12.57	5.60	9.58	6.28	465.75	463.85	461.14	465.81	468.00 5 /4	339.57 23/1	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (8)	509.10	+1.4	17.92	6.78	6.89	0.59	501.94	509.18	505.47	479.14	509.18 3 /4	381.44 16/1	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (13)	353.11	-0.4	12.54	6.76	9.36	6.55	354.59	356.45	353.76	348.78	360.54 14/3	266.43 16/1	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (20)	1586.61	-0.2	9.05	5.11	13.04	28.92	1589.92	1577.48	1552.65	1546.36	1589.92 4 /4	1147.76 16/1	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (185)	1480.99	+0.8	8.29	3.60	14.95	9.69	1469.93	1463.20	1445.81	1210.25	1480.99 5 /4	1188.45 16/1	1480.99 5 /4 /91	61.41 13/12/74
22 Brewers and Distillers (22)	1794.58	----	8.96	3.61	13.75	14.76	1793.87	1793.77	1787.74	1410.91	1816.09 14/3	1478.24 25/1	1816.09 14/3 /91	69.47 13/12/74
25 Food Manufacturing (20)	1210.94	+0.8	9.35	4.02	13.17	15.95	1201.00	1196.70	1188.85	1058.46	1210.94 5 /4	1013.60 16/1	1220.42 4 /9 /89	59.67 11/12/74
26 Food Retailing (16)	2810.49	+1.4	7.79	2.77	16.79	4.34	2771.24	2700.48	2652.69	2221.20	2810.49 5 /4	2259.53 2 /1	2810.49 5 /4 /91	54.25 11/12/74
27 Health and Household (21)	3300.52	+0.9	6.15	2.56	19.32	17.97	3269.59	3277.89	3241.47	2522.92	3300.52 5 /4	2454.93 16/1	3300.52 5 /4 /91	175.38 28/5 /80
29 Hotels and Leisure (21)	1390.53	+0.5	9.82	4.96	11.99	9.39	1383.48	1387.93	1374.04	1361.84	1399.64 14/3	1066.91 25/1	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (24)	1497.42	-0.1	9.47	4.51	13.28	14.07	1498.63	1496.40	1474.81	0.00	1498.63 4 /4	1166.91 16/1	1498.63 4 /4 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (16)	679.90	----	8.26	4.85	15.12	5.03	680.02	677.27	653.68	573.65	680.02 4 /4	486.96 16/1	739.48 16/7 /87	43.46 6 /1 /75
34 Stores (34)	932.43	+1.7	8.92	3.92	14.55	2.21	916.59	904.18	887.51	738.89	932.43 5 /4	766.89 29/1	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (11)	556.17	-1.1	9.54	5.78	13.22	2.61	562.33	563.46	553.32	489.95	563.46 3 /4	396.58 28/1	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (108)	1228.91	+0.8	9.80	4.91	12.49	8.15	1219.33	1219.25	1198.41	1122.48	1228.91 5 /4	961.05 16/1	1233.52 3 /1 /90	58.63 6 /1 /75
41 Business Services (13)	1227.74	+0.7	10.81	4.77	11.34	2.85	1219.16	1225.78	1200.45	0.00	1227.74 5 /4	892.28 1 /2	1227.74 5 /4 /91	892.28 1 /2 /91
42 Chemicals (21)	1284.01	+0.6	9.09	5.57	12.61	23.53	1275.90	1278.90	1262.43	1186.34	1292.04 6 /3	1004.01 16/1	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (10)	1585.53	+0.4	10.62	6.50	11.25	10.66	1578.53	1594.48	1578.79	1594.90	1626.42 14/3	1217.37 16/1	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2225.08	+0.3	11.12	4.64	10.97	6.97	2218.87	2242.31	2208.57	2181.49	2242.31 3 /4	1730.87 29/1	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (14)	1154.89	+0.2	12.00	5.78	10.44	0.00	1152.31	1149.27	1131.51	0.00	1181.24 14/3	994.96 7 /1	1181.24 14/3 /91	994.96 7 /1 /91
46 Telephone Networks (4)	1454.88	+1.3	9.14	3.43	14.24	0.00	1436.32	1425.34	1390.64	1093.70	1454.88 5 /4	1085.95 16/1	1454.88 5 /4 /91	517.92 30/11/84
47 Water (10)	2503.36	+1.3	13.54	5.60	8.25	39.69	2467.39	2457.37	2420.85	1887.74	2510.40 12/3	2134.83 16/1	2510.40 12/3 /91	1820.20 1 /5 /90
48 Miscellaneous (22)	1946.79	+0.7	6.22	4.79	20.46	21.39	1933.06	1927.01	1894.13	1803.66	1946.79 5 /4	1506.17 16/1	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (480)	1259.44	+0.6	9.37	4.40	13.13	9.39	1252.15	1248.87	1231.85	1105.07	1259.44 5 /4	991.97 16/1	1273.71 5 /9 /89	59.01 13/12/74
51 Oil & Gas (20)	2396.66	+1.1	10.79	5.56	12.09	38.85	2369.72	2358.38	2351.33	2247.26	2430.29 12/3	2101.45 21/1	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1356.60	+0.7	9.55	4.55	12.99	11.66	1347.81	1343.91	1327.41	1200.35	1356.60 5 /4	1092.04 16/1	1369.88 16/7 /87	63.49 13/12/74
61 FINANCIAL GROUP (97)	850.47	+1.1	-	5.54	-	15.07	840.90	839.43	829.20	803.82	859.94 15/3	667.36 16/1	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	946.49	+1.3	7.74	5.80	18.60	21.93	934.68	931.30	918.61	869.10	950.35 14/3	695.08 15/1	950.35 14/3 /91	62.44 12/12/74
65 Insurance (Life) (7)	1573.75	+2.2	-	5.25	-	38.87	1540.15	1540.62	1522.74	1306.21	1612.93 15/3	1220.74 16/1	1612.93 15/3 /91	44.88 2 /1 /75
66 Insurance (Composite) (6)	717.37	+1.2	-	6.11	-	11.60	708.90	710.91	699.80	656.48	728.27 15/3	572.52 16/1	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (8)	1202.38	+1.2	6.09	5.59	21.40	20.10	1187.56	1173.80	1178.66	1031.71	1202.38 5 /4	932.88 23/1	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	433.37	-0.2	-	4.68	-	3.90	434.19	436.77	431.66	457.65	448.97 15/3	327.70 16/1	547.59 12/10/87	31.21 7 /1 /75
69 Property (40)	1036.72	+0.5	6.49	4.51	20.82	3.69	1031.91	1028.02	1016.04	1144.54	1087.65 15/3	926.54 16/1	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (20)	294.39	+0.2	9.48	6.14	13.00	3.59	293.88	294.49	292.60	316.54	298.63 15/3	236.37 16/1	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (69)	1220.06	+0.5	-	3.37	-	10.52	1213.77	1214.00	1196.82	1133.00	1220.31 15/3	947.19 16/1	1323.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (666)	1232.32	+0.7	-	4.65	-	12.18	1223.55	1220.31	1205.28	1103.10	1232.32 5 /4	987.46 16/1	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 4	Apr 3	Apr 2	Mar 28	Mar 27	Year ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2545.3	+20.8	2552.1	2529.8	2524.5	2519.1	2488.3	2456.5	2464.6	2221.1	2545.3 5 /4	1990.2 28/9	2545.3 5 /4 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Apr 5	Day's change %	Thu Apr 4	Accrued Interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.14	+0.12	121.00	1.89	3.07
2 5-15 years (30)	132.56	-0.09	132.69	2.24	3.58
3 Over 15 years (8)	139.56	-0.55	140.33	1.39	4.05
4 Irredeemables (6)	156.96	+0.21	156.64	3.65	1.50
5 All stocks (72)	131.18	-0.06	131.26	2.09	3.47
Index-Linked					
6 Up to 5 years (1)	159.52	+0.07	159.41	1.32	1.03
7 Over 5 years (10)	146.68	-0.11	146.84	0.74	1.16
8 All stocks (11)	147.61	-0.10	147.76	0.76	1.15
9 Debs & Loans (54)	109.60	+0.05	109.55	2.09	2.65

AVERAGE GROSS REDEMPTION YIELDS		Fri Apr 5	Thu Apr 4	Year ago (approx.)	1991 High	1991 Low
British Government						
1 Low	5 years	9.31	9.30	11.62	10.14 16/1	9.23 19/2
2 Coupons	15 years	9.57	9.51	11.12	10.24 2 /1	9.46 19/2
3 (0%-7¾%)	20 years	9.66	9.59	11.05	10.26 2 /1	9.53 14/2
4 Medium	5 years	10.13	10.14	12.71	11.15 2 /1	10.04 20/2
5 Coupons	15 years	9.95	9.90	11.60	10.62 2 /1	9.84 14/2
6 (8%-10¾%)	20 years	9.90	9.84	11.34	10.50 2 /1	9.78 14/2
7 High	5 years	10.27	10.27	12.83	11.25 2 /1	10.20 19/2
8 Coupons	15 years	10.12	10.06	11.90	10.80 2 /1	9.98 14/2
9 (11%-)	20 years	10.07	10.00	11.62	10.67 2 /1	9.90 14/2
10 Irredeemables	†	9.86	9.88	11.05	10.46 2 /1	9.83 14/2
Index-Linked						
11 Inflation rate 5%	Up to 5yrs.	3.70	3.70	4.47	4.19 2 /1	3.59 18/1
12 Inflation rate 5%	Over 5 yrs.	4.11	4.10	4.09	4.22 19/3	4.09 18/2
13 Inflation rate 10%	Up to 5 yrs.	2.89	2.88	3.52	2.90 3 /4	2.13 21/2
14 Inflation rate 10%	Over 5 yrs.	3.93	3.92	3.92	4.05 19/3	3.90 18/2
15 Debs &	5 years	11.85	11.85	15.56	12.63 9 /1	11.84 2 /4
16 Loans	15 years	11.64	11.64	14.39	12.38 18/1	11.61 4 /3
17	25 years	11.44	11.44	13.70	12.16 18/1	11.40 1 /3

‡Opening Index 2532.8; 9 am 2537.7; 10 am 2531.0; 11 am 2537.7; Noon 2545.0; 1 pm 2550.0; 2 pm 2550.6; 2.30 pm 2550.3; 3 pm 2547.0; 4.10 pm 2542.2; (a) 1.28pm (b) 10.04am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons (*519)	460	63	69	77	1	7	11
	500	26	37	52	4½	18	24
	550	3	16	28	33	48	52
ASDA (*133)	120	15	21	22	1½	3	6
	130	6½	14	17	3½	6½	10
	140	2	8	11	9½	13	16
Brit. Airways (*159)	140	21	24	27	1	6½	8
	160	6	11½	16	6½	14	18
	180	1	4½	9	22	31	33
Smkl Beecham A (*798)	700	102	122	141	1½	6½	14
	750	55	82	103	4	17	25
	800	18	53	74	20	37	45
Boots (*378)	330	51	59	66	1	5½	7½
	360	23	33½	45	3½	12	16
	390	6	18	28	17	26	31
B P. (*334)	300	36	43	49	2	4½	8
	330	10	22	28	5½	13½	18
	360	2	10	16	28	32	35
British Steel (*147)	130	18½	22	23	½	4	5½
	140	9	14	15	3	6½	9½
	160	2	4	6½	14	19	21
Bass (*961)	929	44	77	103	10	32	40
	977	16	50	72	30	52	62
	1026	3½	29	49	72	83	93
C & Wire (*522)	460	68	80	93	1	8	13
	500	32	49	65	6	20	27
	550	5½	26	39	32	45	50
Courtaulds (*414)	360	57	63	71	1	4½	9
	390	30	38	50	3	14	19
	420	8	21	32	15	29	33
Com. Union (*538)	460	81	95	100	1	3½	6
	500	43	63	70	3	11	15
	550	8	33	40	19	26	35
Fisons (*497)	420	79	88	99	1	3½	6
	460	38	57	70	3	11	15
	500	8	30	45	18	27	32
GKN (*375)	360	21	40	45	5	15	22
	390	6	24	30	20	30	37
	420	¼	-	-	48	-	-
Grand Met. (*821)	750	77	102	122	2½	16	22
	800	34	68	88	11	33	42
	850	10	41	63	37	57	65
I.C.I. (*1058)	1000	68	110	127	6	22	39
	1050	30	82	97	19	41	59
	1100	10	53	72	52	67	84
Kingfisher (*484)	420	68	74	84	1½	7	12
	460	32	46	58	6	17	23
	500	36	25	38	22	36	42
Ladbroke (*291)	280	15	26	35	6	16	21
	300	5	16	25	18	28	28
	330	1	-	-	46	-	-
Land Secur (*550)	500	55	65	70	2½	6½	10
	550	14	24	38	11	26	28
	600	1½	8	17	52	60	63
M & S (*257)	220	39	42	47	1	3	4½
	240	20	25	33	1½	7	9
	260	5	14	21	8	17	19
Sainsbury (*376)	330	50	53	64	1	3½	6
	360	21	30	42	4	11	15
Shell Trans. (*488)	460	33	53	60	4	9	15
	500	8	27	35	18	23	30
Storehouse (*123)	120	6½	12	16	3½	8	11
	130	2½	7½	-	10	14	-
Trafalgar (*254)	240	20	27	36	4	17	22
	260	9	18	27	12	28	32

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*388)	360	31	46	56	1	7	18
	390	8	27	36	9	17	22
Unilever (*766)	750	30	60	85	10	25	30
	800	6	35	55	38	48	55
Ultramar (*331)	330	11	26	35	9	16	22
	360	3	13	20	32	35	35
Option		**May**			**May**		
Elec. Pkg. (*1970)	1850	½	-	-	-	-	-
	1900	½	-	-	413	-	-
Southern Elec (*187)	160	27	-	-	2	-	-
	180	12	-	-	5½	-	-
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit. Aero (*656)	600	75	97	107	8	17	23
	650	38	64	77	23	32	43
BAA (*430)	420	27	38	50	11	20	25
	460	9	-	-	33	-	-
BAT Inds (*726)	700	48	68	82	15	30	37
	750	22	40	56	38	53	60
BTR (*418)	390	38	55	59	6	11	17
	420	18	36	42	19	22	29
Brit Telecom (*364)	360	18	25	34	10½	16	19
	390	5	-	-	29	-	-
Cadbury Sch (*392)	390	20	34	44	12	18	22
	420	7	18	29	30	33	37
Eastern Elec (*180)	160	24	27	27	2	7	9
	180	8	13½	15	7	18	20
Guinness (*917)	850	87	113	128	8	18	23
	900	50	80	97	22	33	41
GEC (*204)	200	13	15	21	5½	12	14
	220	4	7	12	18	25	27
Hanson (*237)	220	23	28	34	3	6½	8½
	240	9½	16	23	10	14½	16½
LASMO (*350)	330	33	50	53	7	13	18
	360	16	30	40	20	27	30
Lucas Inds (*164)	160	12½	20	24	6	10	13
	180	4	9	14	19	22	24
P. & O. (*610)	600	24	43	52	28	38	47
	650	7	23	30	65	70	77
Pilkington (*189)	180	18	20	25	5½	10	15
	200	7	12	16	18	26	28
Prudential (*245)	240	17	26	30	7½	11	15
	260	6	15	19	19	22	25
Racal (*240)	240	15	21	28	11	15	19
	260	7	-	-	25	-	-
R.T.Z. (*568)	550	39	57	67	12	22	28
	600	13	31	45	42	49	52
Scot. & New (*378)	360	30	40	46	6½	14	16
	390	13	22	30	21	28	31
Tesco (*289)	260	-	-	44	-	-	7
	280	13	24	31	9	12	14
Thames Water (*307)	300	20	25	29	7½	16	19
	330	4½	10	16	25	34	36
Option		**Apr**	**Jul**		**Apr**	**Jul**	
STC (*320)	300	-	-	-	¼	¼	-
	330	¼	-	-	-	-	-
Option		**Jun**	**Sep**	**Dec**	**Jun**	**Sep**	**Dec**
Abbey Nat. (*276)	260	26	32	39	6½	9	10½
	280	13	21	28	14	18	20
Amstrad (*79)	70	13½	17½	20	2	6	6
	80	7	12	15	6	9	11
Barclays (*468)	420	62	73	80	6	15	17
	460	30	46	55	17	28	32

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Blue Circle (*269)	260	20	28	34	14	18	22
	280	10	18	24	25	29	32
British Gas (*257)	240	27	29	34	4	8	10
	260	13	16	21	11	17	16
Dixons (*195)	180	26	30	35	6	11	13
	200	13	19	23	14	20	22
Eurotunnel (*498)	460	75	95	115	23	33	40
	500	48	75	95	38	45	60
Glaxo (*1122)	1100	80	120	139	30	46	57
	1150	53	92	112	55	69	80
Hawker Sidd. (*571)	550	48	65	73	27	37	45
	600	25	45	53	60	65	70
Hillsdown (*268)	260	19	32	38	15	22	24
	280	9½	21	28	28	31	34
Lonrho (*260)	260	15	22	30	12	18	21
	280	8	13	20	25	30	33
Midland Bk (*219)	200	28	36	41	6	11	13
	220	16	25	28	15	19	22
National Power (*129)	120	14	17	-	3½	7	-
	130	8½	12	-	7	12	-
Reuters (*885)	850	88	110	135	35	49	58
	900	56	85	108	55	72	80
R. Royce (*168)	160	17	23	27	7	9	11
	180	7	13	16	16	19	21
Sears (*94)	90	8	10	12	5	6½	7½
	100	3	5½	8	11	13	13
THF (*276)	260	23	30	34	9	13	15
	280	10	20	24	20	24	26
Thorn EMI (*750)	750	40	44	55	27	45	51
	800	20	23	-	57	77	-
TSB (*151)	140	16	19	22	3	5½	7
	160	5½	9	11	12	16	18
Vaal Reefs (*556)	50	12	13	16	3½	5½	7
	60	5	8½	11	8½	11	12
Wellcome (*545)	500	68	89	102	13	23	26
	550	35	60	73	34	43	50

EURO FT-SE INDEX (*2542)

	2325	2375	2425	2475	2525	2575	2625	2675
CALLS								
Apr	248	199	152	108	70	38	19	-
May	260	215	173	134	99	70	46	19
Jun	275	-	191	-	121	-	65	-
Sep	321	-	246	-	178	-	126	-
Dec	368	-	293	-	230	-	173	-
Mar	395	-	330	-	273	-	220	-
PUTS								
Apr	4	6	11	17	30	50	79	-
May	11	14	21	32	45	65	93	162
Jun	14	-	30	-	55	-	99	-
Sep	30	-	51	-	80	-	120	-
Dec	50	-	78	-	105	-	140	-
Mar	65	-	90	-	120	-	150	-

FT-SE INDEX (*2542)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Apr	275	226	178	133	90	54	30	14
May	283	238	195	153	115	83	58	38
Jun	300	256	215	177	138	108	82	59
Jul	317	275	236	196	161	129	102	79
Dec †	385	-	310	-	245	-	185	-
PUTS								
Apr	3	5	8	12	24	41	68	107
May	8	12	17	27	40	58	85	120
Jun	12	17	24	35	50	70	96	130
Jul	19	25	35	45	60	79	104	133
Dec †	40	-	63	-	95	-	136	-

April 5. Total Contracts 22,362
Calls 15,365 Puts 6,997
FT-SE Index Calls 1,669 Puts 2,178
Euro FT-SE Calls 59 Puts 15
*Underlying security price. † Long dated expiry mths

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.23	15.78	15.78
0100	18.10	28.73	30.75
0130	17.06	28.73	30.69
0200	23.40	28.73	30.69
0230	23.40	24.23	26.11
0300	23.40	24.23	26.13
0330	23.40	18.18	19.96
0400	18.65	15.24	15.24
0430	16.74	15.01	15.01
0500	16.28	14.81	14.81
0530	16.61	14.74	14.74
0600	16.28	14.71	14.71
0630	16.27	14.71	14.71
0700	16.27	14.78	14.78
0730	16.88	14.81	14.81
0800	19.91	15.09	15.09
0830	25.97	15.64	15.64
0900	25.97	17.13	18.91
0930	25.97	17.46	19.23
1000	25.97	19.91	21.76
1030	22.46	22.12	24.04
1100	22.46	26.81	28.67
1130	21.92	26.81	28.68
1200	20.01	22.12	24.03
1230	19.71	20.35	22.21
1300	19.12	19.98	21.84
1330	19.12	17.54	19.32
1400	16.74	17.06	18.82
1430	16.29	16.24	15.24
1500	16.29	15.17	15.17
1530	16.29	15.17	15.17
1600	16.28	15.17	15.17
1630	16.29	17.13	18.90
1700	17.06	17.54	19.82
1730	19.12	20.26	22.12
1800	19.12	24.21	26.18
1830	19.12	21.38	23.25
1900	19.12	24.22	26.13
1930	19.12	24.22	26.15
2000	19.12	21.39	23.28
2030	23.43	21.17	23.06
2100	23.43	17.54	19.31
2130	23.43	17.54	19.31
2200	23.40	15.68	15.68
2230	20.77	15.24	15.24
2300	17.97	15.09	15.09
2330	16.29	14.85	14.85
2400	16.25	14.78	14.78

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Credit Lyonnais close to link with Commerzbank

By Katharine Campbell in Frankfurt

A CROSS-shareholding between Commerzbank, Germany's third largest the bank, and the French state-owned Crédit Lyonnais could be cemented as early as next week, the German bank said yesterday.

"Talks are at an advanced stage" concerning a form of co-operation that would "represent a milestone for the European banking community," according to Commerzbank.

Crédit Lyonnais yesterday indicated its negotiations with Commerzbank were nearing a conclusion.

For over three years, the Germans have been eager to formalise 20 years of loose co-operation with Crédit Lyonnais that operated within the context of the Europartners banking association. But until now, the political background in France has impeded progress.

An exchange of share stakes will be made easier for Crédit Lyonnais by a new decree published yesterday authorising French state-owned groups to sell their shares to private sector companies, on condition there is an agreement on industrial, commercial or financial co-operation and the stake is taken through a capital increase.

While the precise terms of the share exchange have not yet emerged, the swap is likely to entail Crédit Lyonnais taking a 10 per cent stake in Commerzbank, in exchange for the Germans buying around 5 to 7 per cent of the significantly larger French bank.

Unlike Deutsche Bank, Germany's leading financial institution, Commerzbank has never had ambitions for a European retail network, but has tended to favour co-operation as a viable alternative to buying into new markets.

"Even the Deutsche Bank cannot become a pan-European bank," Mr Walter Seipp, chief executive of Commerzbank, remarked recently. Deutsche has for instance not been able to establish a significant presence in France.

Areas of co-operation between the two institutions would include east Germany, where Commerzbank is building a network no foreign bank could manage, and, over the longer term, opportunities in eastern Europe.

See Lex, Page 22

CBS cuts jobs as profits plummet

By Karen Zagor in New York

CBS, the US media group, yesterday said it would cut its workforce by 400 after unveiling a first-quarter operating loss of $54.6m, compared with operating income of $89.1m a year ago.

In the deteriorating US advertising climate, the bleak results were not unexpected. In February, CBS slashed its annual dividend by 77 per cent to 25 cents after turning in a fourth-quarter loss of $156m.

The company's television network was particularly hard hit by the unusually high cost of covering the Gulf war which coincided with a sharp drop in demand in advertising. The CBS news show was eclipsed by other networks in the coverage of the war.

Net income in the first quarter was helped by net interest income of $65.8m, compared with $41.9m in 1990 and a gain of $12.9m from the disposal of discontinued operations.

Total net income plunged 73 per cent to $23.3m from $85.3m on sales down 11 per cent to $761.8m from $851.3m. Income from continuing operations plunged 88 per cent to $10.4m from $85.3m.

Earnings per share $1.21 against $3.31. CBS recently launched a $2bn share buyback of nearly half its outstanding stock.

Mr Lawrence Tisch, the CBS chairman whose Loews Corporation owns 23 per cent of the company, forecast an operating loss for the whole of 1991 for the television.

It expects to cut 400 jobs in the corporation through a combination of retirements, attrition and lay-offs.

Spalvins escapes Adsteam's tangled web

Kevin Brown looks at the crisis facing Australia's third biggest industrial group

Mr John Spalvins, chief executive of Adelaide Steamship, was not the richest or the best known of the Australian entrepreneurs who emerged in the 1980s, but he may turn out to be the luckiest.

The board's decision to fire Mr Spalvins ends his two-year battle to hang on to control of Adelaide Steamship and its associated companies, known collectively as the Adsteam group.

But the sacking will also save Mr Spalvins A$35m (US$27.3m) by cancelling his liability to pay the full price of partly-paid stock issued under the group's executive share scheme.

As a result, the Lithuanian immigrant who transformed a minor shipping company into his adopted country's third largest industrial group will walk away from the crash with no outstanding liabilities.

This achievement contrasts sharply with the fate of other high-profile entrepreneurs such as Mr Yosse Goldberg, who fled the country, or Mr Alan Bond and Mr Laurie Connell, both facing criminal charges.

Adsteam, however, appears to have a bleak future as the indications mount that proposals for a debt moratorium and restructuring will fail.

At its height, Adsteam's interests ranged through brewing, winemaking and food manufacturing to light industry, shipping, and retailing. It was also the biggest investor in Australia's three quoted trading banks, and an aggressive investor in the UK through Markheath Securities.

Few understood how the group worked, but fewer still cared as Mr Spalvins turned in 14 years of increasing profits up to 1989/90. Sentiment began to change after Adsteam's A$1.8bn takeover of Sir Ron Brierley's Industrial Equity (IEL), owner of the profitable Woolworths supermarket chain.

Sir Ron described Adsteam as technically insolvent, and backed up his views with a report which valued the shares of the group's five main quoted companies at significant discounts to the prices they were trading at.

The episode bore a strong resemblance to the report on Bond Corporation prepared by Mr Tiny Rowland's Lonrho group, which prompted Bond's bankers and other creditors to investigate the group's true value.

When the market began to take a close look at Adsteam, it found a loosely-knit group in which the main companies were linked by a network of interlocking minority shareholdings.

Under Australian accounting rules, this meant the group did not have to produce a consolidated profit and loss or balance sheet, and enabled it to maintain apparently low gearing while borrowing nearly A$7bn.

For example, Tooth, the brewing and winemaking arm, was more than 90 per cent owned by the group. But the shareholding was split between three other group companies, Adelaide Steamship, Petersville Sleigh, and David Jones, each of which also had minority holdings in each other.

Likewise, IEL was taken over by a holding company jointly controlled by Adelaide Steamship, David Jones and Tooth.

The arrangement allowed each company to account for its shares in other group companies as an investment, even though in practice they were all controlled by Mr Spalvins and other Adelaide Steamship executives.

The effect was to inflate the group's assets by allowing each company to include the value of shareholdings in other group companies, all of which would have been cancelled out in a consolidated balance sheet.

John Spalvins: will walk away with no outstanding liabilities

Furthermore, many of the group's operating businesses were held in joint ventures between group companies, which produced no public accounts and were not included in the balance sheets of their parents.

As investors probed the group's structure, the share prices of its constituent companies plummeted. Adelaide Steamship, for example, fell from A$6.50 at the beginning of 1990 to 32p before the release of Adsteam's first consolidated results last month.

The results showed a net loss of A$1.2bn for the six months to December, one of the largest losses in Australian corporate history. The figures looked even worse on the traditional deconsolidated basis, which showed aggregate losses of A$3.6bn.

The losses were caused by writedowns of the value of inter-company shareholdings to reflect the lower stock market valuations. But most analysts say the write-offs do not reflect the impact of recession on the group's ability to finance interest on its debt.

Mr Viktor Schvets of Baring Securities, one of the first analysts to identify Adsteam's problems, says Adsteam and David Jones have negative asset backing, while Tooth and National Consolidated are only slightly positive.

Mr Schvets estimates the group's debt funding costs at between A$625m and A$690m a year, compared to earnings potential of A$480m to A$540m, leaving a significant shortfall even in a good year.

Under a reconstruction proposed by the leading Australian banks, David Jones will make a share offer for Adelaide Steamship and Tooth to form a single company, including IEL, which will focus on retailing.

But the reconstruction can only go ahead if all Adsteam's 105 banks agree to a debt moratorium. Analysts say that will be hard to achieve, especially since Petersville Sleigh already faces a winding up order unless a A$7.5m debt to a small foreign bank is paid within the next few days.

Even if the moratorium can be arranged, a significant upturn in the Australian economy would be required to increase the value of Adsteam's assets sufficiently to allow the banks to recover their money.

Adsteam is the last of the highly leveraged Australian entrepreneurial groups to pay the price of investors' growing dislike of "paper shuffling" companies. But its collapse may take a long time to work through the financial system.

"If the economic recovery is shallow then the banks could get stuck with what are effectively bad debts for a lengthy period of time. The irony is that the longer the banks stay on, the higher, ultimately, will be their exposure," says Mr Schvets.

Linotype cuts dividend as earnings decline by 42%

By Katharine Campbell

GROUP net profits at Linotype, the German printing equipment manufacturer, fell 42 per cent to DM37.5m ($22.5m) in 1990, mainly due to restructuring costs. Accordingly, the company has cut the dividend by DM2 to DM13 a share.

The merger last year with Rudolf Hell, a subsidiary of Siemens, would, however, "improve the market position of the world's largest company offering equipment and systems for image-setting and reproduction technology", according to Mr Wolfgang Kummer, chief executive. The first jointly developed product is to be launched this summer.

The inclusion of Hell's activities, which were integrated last October giving Siemens a one third share in the new company, provided the main reason behind a 17.6 per cent increase in group sales to DM806.5m.

Meanwhile, the sales of the former Linotype decreased "slightly" over 1989 group sales of DM685.5m.

The company said that the order book was again weaker in the first few months of 1991, and that, given the world economic outlook, together with the restructuring plans, earnings for 1991 would be "comparable" to those of 1990. For 1990, domestic business was buoyant, up 28 per cent, and sales to Japan increased 140 per cent.

However, other export markets were impaired by a strong D-Mark, as well as by political turmoil in eastern Europe and the Middle East. In the US, the weak dollar meant that, while turnover increased 8 per cent, the D-Mark value of those sales was 7 per cent below the 1989 figure.

The company took a one-off charge of DM44.6m which it said it hoped would cover all anticipated restructuring costs. The restructuring efforts were concentrated in Hell's overseas operations – the US, for instance, previously made a loss.

Mr Kummer yesterday said he detected a change in the pre-press business during 1990, which is resulting in stagnation in the world market for large colour systems. But he expected further growth in the lower and medium price range. The company will change its name to Linotype-Hell at the next annual general meeting.

NCR rebuffs AT&T again

By Karen Zagor

THE haggling between American Telephone & Telegraph (AT&T), the US telecommunications group, and NCR over an appropriate price for the computer company continued yesterday when Mr Charles Exley, NCR's chairman said that a price of $110-a-share or about $7.5bn was not open to negotiation.

Mr Charles Allen, AT&T's chairman, said his company was unwilling to pay Mr Exley's asking price but said he was ready to "conduct meaningful negotiations".

AT&T, which has had a tender offer of $90 a share on the table since December, has offered NCR $100 a share or $6.8bn if NCR agrees to a merger and removes its anti-takeover defences.

Skandia profit dips to SKr554m

By Robert Taylor in Stockholm

SKANDIA, Sweden's largest private insurance company, suffered a sharp drop in operating profits for 1990. The group yesterday unveiled a profits decline to SKr554m ($91.7m) from 1989's SKr1.68bn.

Its insurance operations recorded a loss of SKr221m last year, compared with a profit of SKr396m in 1989, mainly due to deficits in international reinsurance and direct non-life assurance business areas, amounting to SKr163m and SKr142m respectively.

Mr Bjorn Wolrath, the president and chief executive officer, blamed Skandia's "weak year" on the stock market deterioration. He added that major losses had occurred as a result of the severe winter storms of early 1990 which cost the company around SKr400m out of the SKr60bn cost incurred by the European insurance industry.

Premium income rose to SKr24.85bn from SKr18.59bn in 1989. The proposed dividend is being held at SKr4 a share.

The net asset value of the company fell to SKr16.11bn from SKr19.71bn in the previous year.

Mr Wolrath said he expected a conclusion to talks between Skandia and Sweden's largest bank Skandinaviska Enskilda within the next two months on whether the two could either merge or establish a strategic financial alliance.

Last October SEB acquired an option to buy a 28.2 per cent voting stake in Skandia. The laws prohibiting banks and insurance companies in Sweden from acquiring each other are expected to change this summer. Yesterday the ruling Social Democrats laid their proposal for this before Parliament.

Doubts have arisen over any SEB-Skandia deal, partly because the government legislation insists banks will have to deduct the value of all the insurance company's stock from its required cash reserves. In its current difficult financial position SEB is, therefore, in no position to buy up Skandia.

But Mr Wolrath said: "We are seeing numerous signs of recovery."

Court rejects Pan Am's plea on lessor payments

By Karen Zagor

SUPREME COURT Justice Thurgood Marshall yesterday rejected Pan Am's plea to delay $33m in payments to lessors that supply 34 aircraft to the carrier.

Pan Am, the cash-strapped airline operating under Chapter 11 of the Bankruptcy Code, had hoped to delay the effect of a bankruptcy court ruling that would allows lessors to repossess aircraft if Pan Am cannot make lease payments.

Continental Airlines has also been hit by a similar bankruptcy court decision. Mr Ray Neidl, a high-yield analyst at Dillon Read, said Justice Marshall's decision was not surprising.

It does, however, raise the question of whether Pan Am will be able to make payments on the aircraft they need to continue operating on important routes.

Pan Am may now decide to take its stay of payment request to the full supreme court. But the airline is facing opposition from its more solvent competitors who are worried that a decision to allow bankrupt carriers to delay payments on leased aircraft will sharply inflate the cost of leasing aircraft.

On Wednesday, Pan Am said at least 23 of its aircraft will be returned to lessors, leaving the airline with a fleet of 131.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$357.50	+1.65	$377.75	$392.25	$353.95
Silver Per troy oz	223.75p	+2.70	316.20p	227.68p	183.35p
Aluminium 99.7% (cash)	$1434	+9	$1538.0	$1570	$1405.0
Copper Grade A (cash)	£1371.5	-32.5	£1651.0	£1404.0	£1241.0
Lead(cash)	£350	+2.5	£535.0	£382.5	£292.5
Nickel (cash)	$9030	-270	$9000	$8237.5	$8325
Zinc SHG (cash)	$1233.5	+35	$1704.5	$1273	$1133
Tin (cash)	$5487.5	+12	$6650	$5755	$5470
Cocoa Futures (May)	£660	-21	£848	£714	£625
Coffee Futures (May)	£590	-30	£686	£613	£520
Sugar (LDP Raw)	$227.0	+0.2	$360.4	$236.0	$209.5
Barley Futures (May)	£119.8	+0.3	£105.55	£121.50	£110.85
Wheat Futures (May)	£139.0	+3.6	£115.45	£134.85	£120.60
Cotton Outlook A Index	82.95c		82.75c	86.15c	82.65c
Wool (64s Super)	338p	+4	572p	421p	329p
Oil (Brent Blend)	$18.60w	+0.425	$17.625	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-May

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.55-4.70u	+.05
Brent Blend (dated)	$18.25-8.30	+.15
Brent Blend (May)	$18.55-8.65	+.15
W.T.I. (1 pm est)	$19.85-9.90u	+.125
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$227-229	+0.5
Gas Oil	$176-177	-2
Heavy Fuel Oil	$69-70	
Naphtha	$182-184	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$357.50	-1.55
Silver (per troy oz)♣	399.00c	-9.50
Platinum (per troy oz)	$404.50	+3.25
Palladium (per troy oz)	$82.75	-1.25
Aluminium (free market)	1445	-10
Copper (US Producer)	112⅞c	+⅜
Lead (US Producer)	35⅞c	
Nickel (free market)	419c	+5
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	255c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	112.39p	*
Sheep (dead weight)†	206.15p	*
Pigs (live weight)†	87.70p	*
London daily sugar (raw)	$227.0q	+0.6
London daily sugar (white)	$300.0q	-0.5
Tate and Lyle export price	£236.0	-1.0
Barley (English feed)	£124.0w	+1.5
Maize (US No. 3 yellow)	£175.5	
Wheat (US Dark Northern)	£97	
Rubber (May)♥	51.50p	+0.25
Rubber (Jun)♥	52.25p	+0.25
Rubber (KL RSS No 1 Apr)	226.5m	-0.5
Coconut oil (Philippines)§	$325s	
Palm Oil (Malaysian)§	$330.0q	+2.5
Copra (Philippines)§	$210.0t	-17.5
Soyabeans (US)	£153	
Cotton "A" Index	82.95c	
Wooltops (64s Super)	338p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jul/Sep t-Jun. w-Apr u-May. x-Apr/Jun. s-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	199.20	202.20	201.00 198.60
Aug	201.80	204.60	203.60 201.00
Oct	199.20	202.00	200.40 199.00
Dec	193.40	196.00	193.00
Mar	193.40	197.00	194.00 193.00
May	195.40		196.00

White	Close	Previous	High/Low
May	295.5	299.5	297.8 295.5
Aug	291.5	296.5	293.8 291.0
Oct	268.5	269.5	267.3 265.3

Turnover: Raw 509 (560) lots of 50 tonnes. White 1191 (985)
Paris- White (FFr per tonne): May 1688, Aug 1670, Oct 1536.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
May	18.65	18.76	18.75 18.48
Jun	18.30	18.31	18.35 18.14
Jul	18.05	18.05	18.10 18.00
Aug	18.10	18.05	18.02
Sep	18.03	18.00	18.00
Oct	18.07	18.06	18.00
IPE Index	18.24	18.07	

Turnover 9492 (12920)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Apr	172.75	174.00	177 00 172.25
May	167.50	167.00	169.25 167.00
Jun	164.00	163.00	166.50 163.50
Jul	164.00	163.50	165.50 164.00
Aug	166.00	165.00	167.50 166.00
Sep	168.00	166.50	169.00 167.50
Oct	169.75	169.00	172.00 169.50
Nov	172.00	170.00	171.50 171.00

Turnover 8051 (6801) lots of 100 tonnes

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	120.0	118.0	117.0
May	148.5	145.5	149.0 145.0
Mar	127.0		128.0
Apr	132.0	130.0	131.0 129.0

Turnover 169 (207) lots of 40 tonnes.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
May	660	683	671 659
Jul	683	688	697 682
Sep	706	712	720 705
Dec	731	735	746 731
Mar	758	762	770 757
May	776	779	788 776
Jul	795	798	807 794

Turnover: 3321 (4628) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 4 858.17 (859.49) 10 day average for Apr 5 869.19 (871.92)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
May	590	594	590 580
Jul	603	606	608 595
Sep	617	620	617 609
Nov	630	634	629 624
Jan	644	649	643 641
Mar	656	668	658

Turnover: 2015 (3146) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 4 : Comp. daily 72.42 (73.12). 15 day average 72.65 (72.63)

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	117.00		117.50
Oct	123.50		123.50
Feb	130.00	130.00	130.00

Turnover 110 (25)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Apr	1503	1494	1505 1498
May	1415	1400	1415
Jul	1145	1140	1155 1140
Oct	1248	1233	1255 1245
Jan	1275	1270	1295
BFI	1598	1597	

Turnover 280 (201)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
May	139.00	138.70	139.65 138.80
Jun	141.10	140.70	141.65 140.70
Nov	114.30	114.25	114.40 114.30
Mar	120.85		120.85

Barley	Close	Previous	High/Low
May	119.80	120.25	120.50 120.35
Sep	107.75		108.00
Nov	111.75	111.70	111.90 111.85
Jan	114.90		115.00 114.90
Mar	117.75		118.00
May	119.75		120.00

Turnover: Wheat 470 (323). Barley 80 (17). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	113.0		112.0
May	114.5		114.0
Jun	115.0	115.0	114.5

Turnover: 20 (57) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 14,839 lots	
Cash	1433-5	1443-4	1438/1430	1436-8		
3 months	1463-4	1472-3	1477/1460	1469-70	1469-70	63,836 lots
Copper, Grade A (£ per tonne)					Total daily turnover 22,234 lots	
Cash	1371-2	1370-2	1369/1364	1364-5		
3 months	1363-4	1363-4	1364/1357	1357-8	1365-6	104,719 lots
Lead (£ per tonne)					Total daily turnover 2,782 lots	
Cash	349-51	349-50		351-1.5		
3 months	362-3	361-2	366/359	363.5-4	361-2	14,099 lots
Nickel ($ per tonne)					Total daily turnover 2,265 lots	
Cash	9025-35	9050-70		9010-30		
3 months	9035-45	9060-75	9125/8950	9025-50	9030-40	9,146 lots
Tin ($ per tonne)					Total daily turnover 597 lots	
Cash	5465-80	5463-8	5475	5474-5		
3 months	5580-5	5564-5	5590/5565	5568-72	5595-600	5,761 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 8,179 lots	
Cash	1232-5	1227-32	1228/1225	1226-9		
3 months	1197-8	1194-5	1200/1190	1194-5	1193-5	24,305 lots

LME Closing £/$ rate: SPOT: 1.7775 3 months: 1.7520 6 months: 1.7309 9 months: 1.7162

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	152.90	155.19			
Apr	154.80	155.20	155.10	154.80	138
May	154.60	156.00	155.00	154.40	100
Jun	154.70	154.80	154.70		83

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	357.30-357.70	
Opening	357.90-358.30	
Morning fix	358.30	200.726
Afternoon fix	358.50	199.277
Day's high	358.80-359.20	
Day's low	356.60-357.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.36	6 months	5.20
2 months	5.31	12 months	5.18
3 months	5.26		

Silver fix	p/fine oz	US cts equiv
Spot	226.10	403.75
3 months	232.75	409.80
6 months	239.15	416.35
12 months	251.15	430.45

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	359.50-360.50	199.75-200.25
Maple leaf	370.00-371.00	205.50-206.00
New Sovereign	87.00-88.00	48.25-48.75

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	May	Apr	May
1350	102	126	3	10
1450	29	57	29	41
1550	3	21	103	101

Copper (Grade A)	Calls		Puts	
2350	94	102	16	62
2450	35	56	56	114
2550	9	28	129	184

Coffee	May	Jul	May	Jul
550	61	51	1	18
600	20	25	10	42
650	3	12	43	79

Cocoa	May	Jul	May	Jul
650	44	62	4	9
700	13	31	23	28
750	2	14	62	61

Brent Crude	May	Jun	May	Jun
1800	70			
1850				
1900	9	34		

New York

GOLD 100 troy oz.; $/troy oz.

	Latest	Previous	High/Low	
Apr	359.2	359.5	359.5	357.3
Jun	361.9	361.7	362.6	359.3
Aug	365.3	364.6	365.3	362.2
Oct	368.1	367.8	368.1	366.1
Dec	370.7	371.1	372.2	368.5

PLATINUM 50 troy oz; $/troy oz.

	Latest	Previous	High/Low	
Apr	401.0	402.0	403.0	400.5
Jul	404.5	407.0	408.0	403.5
Oct	409.0	411.0	412.0	408.0
Jan	412.5	416.0	414.5	412.5

SILVER 5,000 troy oz; cents/troy oz.

	Latest	Previous	High/Low	
May	394.5	406.0	405.5	391.5
Jul	399.0	410.9	409.5	396.0
Sep	404.5	415.9	415.0	402.0
Dec	411.0	423.2	423.0	408.0
Mar	419.5	431.1	425.0	419.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	108.60	109.00	108.80	108.55
May	108.90	109.35	109.30	108.55
Jun	108.10	108.30	108.10	108.00
Jul	107.60	107.70	108.00	107.10
Sep	106.45	106.25	106.70	105.90
Dec	105.20	104.75	105.30	104.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.95	19.98	20.04	19.82
Jun	19.78	19.86	19.88	19.70
Jul	19.60	19.69	19.66	19.52
Aug	19.49	19.57	19.55	19.40
Sep	19.40	19.49	19.46	19.34
Oct	19.30	19.46	19.43	19.29
Nov	19.33	19.45	19.40	19.33
Jan	19.25	19.42	19.35	19.25
Feb	19.25	19.40	19.32	19.30

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5425	5424	5445	5365
Jun	5305	5302	5310	5270
Jul	5295	5299	5300	5260
Sep	5510	5495	5510	5475
Oct	5595	5590	5600	5585
Dec	5785	5789	5790	5730
Feb	5685	5669	5700	5669

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
May	1093	1109	1120	1086
Jul	1125	1139	1149	1119
Sep	1158	1171	1181	1154
Dec	1200	1210	1210	1195
Jul	1287	1295	1290	1287

COFFEE "C" 37,500lbs; cents/lbs

	Latest	Previous	High/Low	
May	92.85	92.65	93.30	92.25
Jul	95.00	94.85	95.50	94.50
Sep	97.00	96.70	97.40	96.50
Dec	100.20	99.50	100.20	99.25
May	103.60	104.15	0	0
Sep	107.00	106.60	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	9.01	9.06	9.14	8.95
Jul	8.93	8.97	9.07	8.89
Oct	8.88	8.87	8.97	8.80
Mar	8.68	8.69	8.80	8.65
May	8.77	8.73	8.77	8.77
Jul	8.85	8.79	8.85	0

COTTON 50,000; cents/lbs

	Latest	Previous	High/Low	
May	84.48	83.49	84.65	83.90
Jul	84.55	83.55	84.75	84.00
Oct	73.95	73.28	73.98	73.50
Dec	69.65	69.20	69.68	69.40
Mar	71.00	70.15	70.55	70.15
May	71.00	70.88	70.95	70.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Latest	Previous	High/Low	
May	115.80	115.40	116.00	115.30
Jul	115.90	115.60	116.00	115.50
Sep	115.90	115.75	116.10	115.50

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 5	Apr 4	mnth ago	yr ago
1730.5	1731.7	1707.7	1923.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 3	Apr 2	mnth ago	yr ago
Spot	-	125.24	122.74	-
Futures	-	129.58	128.21	-

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Latest	Previous	High/Low	
May	586/0	585/2	590/0	584/6
Jul	598/4	597/6	602/2	597/0
Sep	606/6	607/4	611/4	607/4
Nov	618/2	618/2	621/6	617/0
Jan	629/4	628/2	632/0	628/0
Mar	640/4	639/2	642/0	638/4
May	648/0	647/0	649/0	646/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
Jul	21.98	21.81	22.12	21.84
Aug	22.15	21.97	22.27	22.01
Sep	22.30	22.10	22.38	22.20
Oct	22.40	22.22	22.50	22.30
Dec	22.65	22.45	22.75	22.45

SOYABEAN MEAL 100 tons; $/ton

	Latest	Previous	High/Low	
May	170.8	171.2	171.5	170.1
Jul	174.3	174.6	174.8	173.5
Dec	182.5	182.9	183.0	181.9
Mar	186.0	1189.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
May	258/0	257/0	259/0	256/2
Jul	265/0	264/2	266/0	263/4
Sep	264/4	264/2	265/4	263/6
Dec	263/4	263/6	265/0	263/0
Mar	271/0	271/2	272/2	270/2
May	277/0	277/0	277/6	276/2
Jul	280/4	280/0	280/6	279/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Previous	High/Low	
May	285/4	285/4	287/4	283/4
Jul	295/0	296/2	297/2	293/2
Sep	303/2	303/6	305/6	302/0
Dec	316/4	317/2	319/0	315/0
Mar	324/4	326/0	328/0	324/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Latest	Previous	High/Low	
Apr	82.27	82.12	82.40	82.02
Jun	77.87	77.77	77.92	77.52
Aug	75.20	75.05	75.30	75.00
Oct	76.70	76.52	76.72	76.35
Dec	76.87	76.67	76.90	76.60
Feb	76.50	76.30	76.50	76.32
Apr	76.90	76.75	76.90	76.70

LIVE HOGS 30,000 lb; cents/lbs

	Latest	Previous	High/Low	
Apr	52.75	52.25	52.85	52.40
Jun	56.90	56.65	57.10	56.35
Jul	56.35	56.32	56.65	56.10
Aug	53.60	53.62	53.97	53.37
Oct	48.90	48.72	48.95	48.70
Dec	48.10	48.07	48.30	48.05
Apr	46.20	46.25	46.40	46.20

PORK BELLIES 40,000 lbs; cents/lb

	Latest	Previous	High/Low	
May	65.30	65.40	66.05	64.75
Jul	63.16	63.75	64.30	62.75
Aug	60.65	61.30	61.55	60.30
Feb	59.10	59.12	59.25	59.00

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm despite jobs data

THE DOLLAR shrugged off losses which followed a large rise in US unemployment as institutions and currency dealers moved into the market to pick up cheap dollars.

The US currency initially fell a pfennig against the D-Mark after the announcement that the unemployment rate had risen to 6.8 per cent in March from 6.5 in February; this compared with general expectations of 6.7. The 206,000 fall in March non-farm payroll employment was less of a surprise, although the revised 291,000 fall in February instead of the 184,000 previously reported certainly had not been anticipated.

The market had been prepared for poor employment numbers after an unexpected jump in the weekly total of new applicants for unemployment insurance benefit announced the previous day. However, the March figures reflected a sharper slowdown in economic output than most economists had been expecting.

The dollar fell immediately from DM1.6700 to DM1.6540 and from Y136.50 to Y135.45. But the US currency began to stabilise when institutions took the opportunity to buy dollars at the lower levels. There were also reports that the US currency was also boosted after a South East Asian central bank and a New York money manager bought back dollars that it had earlier sold.

The dollar closed higher at DM1.6735 from DM1.6670; at SFr1.4120 from SFr4025; at Y136.30 from Y136.25; and at FFr5.6650 from FFr5.6450. The Bank of England's dollar index was unchanged at 64.8.

After the close of European trading, the dollar continued to rise as the Federal Reserve failed to respond to the weaker employment figures by easing monetary policy. The Fed failed to conduct open-market reserve operations, which analysts said signalled that it did notintend to take any immediate action after the jobs data. At the time the Fed normally conducts open market operations, Fed funds had edged up 1/16 point to 5⅞ per cent.

Analysts said that despite the Fed's absence from the credit markets, an early reduction in US rates could not be ruled out.

Next week sees the release of producer price indices and consumer price figures; if these show that inflation remains under control the Fed could ease.

Sterling firmed as the mark remained weak after the Bundesbank's decision not to raise interest rates. The pound rose to $1.7785 from $1.7845; at Y242.50 from Y243.00; but rose to DM2.9775 from DM2.9750; and to FFr10.0750 from FFr10.0725. Sterling's index rose 0.1 point to 92.8.

£ IN NEW YORK

Apr 5	Latest	Previous Close
£Spot	1.7750-1.7760	1.7915-1.7925
1 month	0.90-0.87pm	0.90-0.88pm
3 months	2.55-2.52pm	2.59-2.56pm
12 months	7.30-7.20pm	7.30-7.20pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr 5	Previous
8.30 am	92.9	92.6
9.00 am	93.8	92.6
10.00 am	92.9	92.6
11.00 am	92.9	92.6
Noon	92.8	92.6
1.00 pm	92.9	92.6
2.00 pm	92.9	92.6
3.00 pm	93.0	92.7
4.00 pm	92.8	92.7

CURRENCY RATES

Apr 5	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.767040	0.691828
U.S Dollar	6.00	1.35766	1.23471
Canadian $	9.81	1.56850	1.42695
Austrian Sch	7	16.0285	14.5016
Belgian Franc	10.50	46.9513	42.3720
Danish Krone	9½	8.75894	7.90705
D-Mark	6.50	2.27843	2.06072
Dutch Guilder	7.75	2.57412	2.32248
French Franc	10¼	7.73934	6.97547
Italian Lira	12½	N/A	1529.56
Japanese Yen	6	186.542	168.105
Norway Krone	8	8.88588	8.01941
Spanish Peseta	-	141.366	127.330
Swedish Krona	10.00	8.24778	7.45268
Swiss Franc	6.00	1.92856	1.73600
Greek Drach	19	N/A	223.667
Irish Punt	-	N/A	0.771064

† European Commission Calculations.
* All SDR rates are for Apr.4

CURRENCY MOVEMENTS

Apr 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.8	-19.0
U.S Dollar	64.8	-14.1
Canadian Dollar	104.2	+1.6
[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth.	3 mths	6 mths	12 mths
US Dollar	1.7785	1.7695	1.7531	1.7333	1.7057
D-mark	2.9775	2.9690	2.9566	2.9434	2.9247
French Fr.	10.075	10.050	10.009	9.9655	9.8995
Swiss Fr.	2.5100	2.5018	2.4874	2.4686	2.4307
Yen	242.50	241.65	239.95	237.77	233.78

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Apr 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7755 - 1.8005	1.7780 - 1.7790	0.91-0.89cpm	6.07	2.56-2.53pm	5.72
Ireland†	1.5950 - 1.6110	1.5950 - 1.5960	0.54-0.49cpm	3.87	1.60-1.50pm	3.89
Canada	1.1535 - 1.1560	1.1540 - 1.1550	0.32-0.35cdis	-3.48	0.93-0.98dis	-3.31
Netherlands	1.8640 - 1.8955	1.8850 - 1.8860	0.46-0.49cdis	-3.02	1.41-1.46dis	-3.04
Belgium	34.00 - 34.40	34.30 - 34.40	9.00-11.00cdis	-3.49	24.00-30.00dis	-3.14
Denmark	6.3900 - 6.4225	6.4175 - 6.4225	1.82-2.12oredis	-3.68	5.60-6.20dis	-3.68
Germany	1.6535 - 1.6830	1.6730 - 1.6740	0.38-0.40pfdis	-2.80	1.22-1.25dis	-2.95
Portugal	145.75 - 146.70	146.60 - 146.70	70-80cdis	-6.14	225-250dis	-6.48
Spain	102.20 - 103.80	103.30 - 103.40	62-66cdis	-7.43	176-185dis	-6.99
Italy	1229.00 - 1248.00	1242.75 - 1243.25	5.30-5.80liredis	-5.36	16.00-17.00dis	-5.31
Norway	6.4450 - 6.5175	6.5125 - 6.5175	2.20-2.55oredis	-4.37	6.65-7.15dis	-4.24
France	5.6000 - 5.6820	5.6625 - 5.6675	1.54-1.59cdis	-3.32	4.38-4.48dis	-3.13
Sweden	6.0020 - 6.0550	6.0425 - 6.0475	3.00-3.20oredis	-6.15	8.95-9.40dis	-6.07
Japan	135.45 - 136.90	136.25 - 136.35	0.20-0.22ydis	-1.85	0.51-0.54dis	-1.54
Austria	11.7160 - 11.7525	11.7375 - 11.7425	2.60-3.05grodis	-2.89	8.00-9.20dis	-2.93
Switzerland	1.3930 - 1.4200	1.4115 - 1.4125	0.26-0.29cdis	-2.34	0.74-0.79dis	-2.17
Ecu	1.2290 - 1.2450	1.2295 - 1.2305	0.35-0.32cpm	3.27	1.01-0.95pm	3.19

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

POUND SPOT - FORWARD AGAINST THE POUND

Apr 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7755 - 1.8005	1.7780 - 1.7790	0.91-0.89cpm	6.07	2.56-2.53pm	5.72
Canada	2.0515 - 2.0745	2.0515 - 2.0525	0.49-0.40cpm	2.60	1.39-1.20pm	2.47
Netherlands	3.3475 - 3.3600	3.3475 - 3.3575	⅞-¾cpm	2.91	2⅜-2¼pm	2.68
Belgium	61.00 - 61.35	61.05 - 61.15	17-13cpm	2.95	43-36pm	2.59
Denmark	11.3900 - 11.4500	11.4125 - 11.4225	2½-2¼orepm	2.43	6¼-5¼pm	2.06
Ireland	1.1120 - 1.1245	1.1145 - 1.1155	0.20-0.15ppm	1.88	0.50-0.40pm	1.61
Germany	2.9725 - 2.9825	2.9750 - 2.9800	⅞-¾pfpm	3.27	2¼-1⅞pm	2.69
Portugal	259.35 - 260.95	259.65 - 260.65	5-13cdis	-0.42	26-74dis	-0.77
Spain	183.20 - 184.38	183.65 - 183.95	20-25cdis	-1.47	55-25dis	-0.83
Italy	2206.60 - 2217.90	2210.25 - 2211.25	2lirepm-par	0.54	4-1pm	0.45
Norway	11.5615 - 11.6235	11.5825 - 11.5925	1¾-1½orepm	1.75	4½-3¾pm	1.42
France	10.0645 - 10.1030	10.0700 - 10.0800	2¼-2cpm	2.53	6½-6¼pm	2.51
Sweden	10.7450 - 10.8005	10.7450 - 10.7550	¼orepm-par	0.14	½-1dis	-0.28
Japan	242.00 - 243.70	242.00 - 243.00	⅞-¾ypm	4.02	2⅝-2½pm	4.12
Austria	20.89 - 20.97	20.91 - 20.94	5⅞-4½gropm	3.05	15¼-13⅝pm	2.81
Switzerland	2.5040 - 2.5180	2.5050 - 2.5150	1-⅞cpm	4.18	2¼-2⅛pm	3.49
Ecu	1.4410 - 1.4485	1.4455 - 1.4465	0.40-0.34cpm	3.07	0.96-0.89pm	2.56

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.55-4.50cpm . 12 Month 7.33-7.23pm

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Apr 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	127.330	-4.72	6.17	82
Sterling	0.696904	0.691828	-0.73	1.91	13
Italian Lira	1538.24	1529.55	-0.56	1.74	36
Belgian Franc	42.4032	42.3720	-0.07	1.24	11
D-Mark	2.05586	2.06072	0.24	0.93	-5
Dutch Guilder	2.31643	2.32248	0.26	0.90	-5
Irish Punt	0.767417	0.771064	0.48	0.69	-14
Danish Krone	7.84195	7.90705	0.83	0.33	-31
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

EURO-CURRENCY INTEREST RATES

Apr 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	12¼ - 12	12¼ - 12	12⅜ - 12⅛	12⅛ - 12¼	11⅞ - 11⅝	11⅝ - 11⅜
US Dollar	6 - 5¾	6¼ - 6	6¼ - 6	6⅜ - 6¼	6½ - 6¼	6¾ - 6⅝
Can. Dollar	9½ - 9¼	9½ - 9¼	9½ - 9¼	9½ - 9¼	9⅜ - 9⅛	9¼ - 9
Dutch Guilder	9¼ - 9	9¼ - 9	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼
Swiss Franc	8⅝ - 8⅜	8⅝ - 8⅜	8½ - 8⅜	8¾ - 8⅝	8⅝ - 8⅜	7⅞ - 7⅝
D-Mark	8⅞ - 8¾	8⅞ - 8¾	9 - 8⅞	9⅛ - 9	9⅜ - 9¼	9⅜ - 9¼
French Franc	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜
Italian Lira	13 - 11	11½ - 10½	11⅝ - 11¼	11⅝ - 11¼	11⅝ - 11¼	11⅞ - 11½
Belgian Franc	9 - 8¾	9¼ - 9	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼
Yen	8¼ - 8⅛	8⅛ - 8	8⅛ - 8	7⅞ - 7¾	7⅞ - 7¾	7⅝ - 7½
Danish Krone	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝	9⅞ - 9⅝
Asian $Sing.	6⅜ - 6¼	6⅜ - 6¼	6⅜ - 6¼	6⅜ - 6¼	6⅜ - 6¼	6⅜ - 6¼

Long term Eurodollars: two years 7½-7⅜ per cent; three years 7⅞-7¾ per cent; four years 8⅛-8 per cent; five years 8⅜-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.779	2.978	242.5	10.08	2.510	3.353	2211	2.052	61.10	1.446
$	0.562	1	1.674	136.3	5.666	1.411	1.885	1243	1.153	34.35	0.813
DM	0.336	0.597	1	81.43	3.385	0.843	1.126	742.4	0.689	20.52	0.486
YEN	4.124	7.336	12.28	1000.	41.57	10.35	13.83	9118	8.462	252.0	5.963
F Fr.	0.992	1.765	2.954	240.6	10.	2.490	3.326	2193	2.036	60.62	1.435
S Fr.	0.398	0.709	1.186	96.61	4.016	1	1.336	880.9	0.818	24.34	0.576
H Fl.	0.298	0.531	0.888	72.32	3.006	0.749	1	659.4	0.612	18.22	0.431
Lira	0.452	0.805	1.347	109.7	4.559	1.135	1.517	1000.	0.928	27.63	0.654
C $	0.487	0.867	1.451	118.2	4.912	1.223	1.634	1077	1	29.78	0.705
B Fr.	1.637	2.912	4.874	396.9	16.50	4.108	5.488	3619	3.358	100.	2.367
ECU	0.692	1.230	2.059	167.7	6.971	1.736	2.319	1529	1.419	42.25	1

Yen per 1,000: French Fr. per 10; Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7785	1.7695	1.7531	1.7333	1.7057

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.7748	1.7760	1.7624	1.7654
Sep	-	1.7570	1.7448	1.7450
Dec	-	1.7350	-	1.7294

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls Sept.	Calls Dec.	Puts June	Puts Sept.	Puts Dec.
103	3.19	-	-	0.12	0.48	-
104	2.32	-	-	0.24	0.73	-
105	1.59	2.04	-	0.46	1.03	-
106	0.95	1.48	-	0.82	-	-
107	0.54	1.02	-	1.41	-	-
108	0.28	0.69	-	-	-	-
Open Int.	111,293	19,751	1,100	115,711	25,729	1,250

Estimated volume 82,889 Total Open Interest 274,834

BANK RETURN

BANKING DEPARTMENT	Wednesday April 3, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	80,937,244	+	39,482,645
Bankers Deposits	1,737,144,540	+	151,965,084
Reserve and other Accounts	2,931,063,943	+	38,098,946
	4,763,698,727	+	229,546,675
ASSETS			
Government Securities	1,410,894,028	+	125,235,196
Advance and other Accounts	1,226,183,241	-	9,738,320
Premises Equipment & other Secs	2,116,535,907	+	115,940,685
Notes	9,866,982	-	1,945,898
Coin	218,569	+	53,012
	4,763,696,727	+	229,548,675
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,020,133,018	+	101,945,898
Notes in Banking Department	9,866,982	-	1,945,898
	16,030,000,000	+	100,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	11,474,114,834	+	1,595,597,971
Other Securities	4,544,870,066	-	1,495,597,971
	16,030,000,000	+	100,000,000

MONEY MARKETS

London rates easier

UK MONEY market rates continued to ease yesterday as sterling strengthened, particularly against European currencies. Over the past week, the key three month inter-bank rate has fallen by a ¼ to 12⅛-⅛ per cent, below the current bank base rate of 12½, and a clear signal that the money market is anticipating an early ½ point cut in rates.

There were suggestions in the market that the Bank of England may ease monetary policy after the March inflation figures are published next Friday; these are expected to fall to an annual rate of 8.2 per cent from 8.9. Such a reduction could allow interest rates to be cut without necessarily jeopardising sterling's position within the European Monetary System.

UK clearing bank base lending rate 12.5 per cent from 22 March, 1991

However, the prevailing belief among money dealers is that the Bank will not want to be led by the financial markets and instead will wait until the last week of April or the first week of May for any reduction in base rates.

This would also have political appeal, as the government is facing local elections on May 7.

All UK rates were easier yesterday with one month money ⅛ lower at 12⅜-¼ per cent and six months 1/16 off at 11⅞.

The futures market was more cautious after having risen so strongly in March. The June short sterling contract finished 2 points lower at 88.84, implying base rates of 11¼ per cent by the end of that month.

Rates also softened as the Bank of England maintained a relatively generous policy towards the money market in its daily credit needs; a revised forecast shortage of £1bn compared with total assistance of £835m.

The £835m injection of liquidity met the market's immediate credit needs and thus depressed overnight money rates.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 11.4156 per cent from 11.5261. The average on 182-day bills 10.8542 per cent from 10.8623.

The £350m of 91-day bills attracted bids of £2.092bn and the £200m of 182-day bills received bids of £568m. Next week a similar number of bills will be on offer.

In Frankfurt interest rates edged lower as the market remained well supplied with liquidity. Call money was quoted at 8.75-8.85 per cent compared with 8.80-8.90 in the previous session.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.5) 3 months US dollars		6 months US Dollars	
bid 6⅛	offer 6¼	bid 6⅜	offer 6½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	9	One month	5.66	Three year	7.14
Broker loan rate	8½	Two month	5.70	Four year	7.37
Fed.funds	5⅞	Three month	5.88	Five year	7.60
Fed.funds at intervention	6¼	Six month	5.97	Seven year	7.86
		One year	6.22	10-year	7.97
		Two year	6.88	30-year	8.16

Apr.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.85	8.85-9.00	8.95-9.10	9.00-9.20	9.10-9.30	9.00
Paris	9⅜-9½	9⅜-9½	9⅜-9½	9⅜-9½	9⅜-9½	9.25
Zurich	7⅞-8¼	8½-8⅝	-	8½-8⅝	-	-
Amsterdam	9.12-9.25	9.10-9.15	-	9.12-9.22	-	-
Tokyo	8⅞-8⅞	8⅛-8¼	-	7⅞-7⅞	-	-
Milan	11¾-12	12-12¼	-	12-12½	-	-
Brussels	8.88-9.00	9⅛-9⅜	-	9¼-9½	-	-
Dublin	9¼-9⅝	10⅜-10⅜	10½-10⅝	10½-10⅝	10½-10⅝	-

LONDON MONEY RATES

Apr 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12½	12⅜	12½	12⅛	11⅞	11½
Interbank Bid	8	11⅞	12¼	12⅛	11⅝	11¼
Sterling CDs	-	-	12⅜	12¼	11⅞	11⅜
Local Authority Deps.	12¼	12¼	12⅜	12¼	11⅞	11½
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	12	12¼	12⅜	11⅞	-	-
Company Deposits	-	-	12⅞	12⅜	11⅞	11½
Finance House Deposits	-	-	12½	12¼	12	11½
Treasury Bills (Buy)	-	-	12⅛	11½	10⅞	-
Bank Bills (Buy)	-	-	12⅛	11⅞	11¼	-
Fine Trade Bills (Buy)	-	-	12⅞	12⅞	11⅝	-
Dollar CDs	-	-	6.17	6.17	6.25	6.67
SDR Linked Dep. Offer	-	-	8⅛	8	8⅛	8⅛
SDR Linked Dep. Bid	-	-	7⅞	7⅞	7⅞	7⅞
ECU Linked Dep. Offer	-	-	9⅞	9⅞	9⅞	9½
ECU Linked Dep. Bid	-	-	9⅝	9⅝	9⅝	9⅜

Treasury Bills (sell); one-month 11⅞ per cent; three months 11⅜ per cent; six months 10⅞ per cent; Bank Bills (sell); one-month 11⅞ per cent; three months 11⅝ per cent; Treasury Bills; Average tender rate of discount 11.4156 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 28 1991 . Agreed rates for period April 23,1991 to May 25 , 1991, Scheme I: 13.52 p.c., Schemes II & III: 13.71 p.c. Reference rate for period March 1,1991 to March 28 , 1991, Scheme IV&V: 12.472 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 from April 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 9 per cent; one-three months 11 per cent; three-six months 10½ per cent; six-nine months 10 per cent; nine-twelve months 10 per cent; Under £100,000 9 per cent from March 25 1991 , Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	12½	Co-operative Bank	12½	Nat Bk. of Kuwait	13½
Adam & Company	12½	Coutts & Co	12½	NatWestminster	12½
Allied Trust Bank	12½	Cyprus Popular Bk	12½	Northern Bank Ltd	12½
AIB Bank	12½	Dunbar Bank PLC	12½	Nykredit Mortgage Bank	13
● Henry Ansbacher	12½	Duncan Lawrie	12½	Provincial Bank PLC	15
B & C Merchant Bank	12½	Equatorial Bank plc	12½	Roxburghe Bank Ltd.	13½
Bank of Baroda	12½	Exeter Bank Limited	13	Royal Bk of Scotland	12½
Banco Bilbao Vizcaya	12½	Financial & Gen. Bank	12½	● Smith & Williamson Secs.	12½
Bank Credit & Comm	12½	First National Bank Plc.	15	Standard Chartered	12½
Bank of Cyprus	12½	● Robert Fleming & Co.	12½	TSB	12½
Bank of Ireland	12½	Robert Fraser & Ptnrs.	13	Unibank plc	12½
Bank of India	12½	Girobank	12½	● United Bk of Kuwait	12½
Bank of Scotland	12½	● Guinness Mahon	12½	United Mizrahi Bank	12½
Banque Belge Ltd	12½	● Hambros Bank	12½	Unity Trust Bank Plc	12½
Barclays Bank	12½	Hampshire Trust Plc	13½	Western Trust	12½
Benchmark Bank	13	Heritable & Gen Inv Bnk	12½	Westpac Bank Corp.	12½
Brit Bk of Mid East	12½	● Hill Samuel	12½	Whiteaway Laidlaw	12½
● Brown Shipley	12½	C. Hoare & Co.	12½	Yorkshire Bank	12½
CL Bank Nederland	12½	Hongkong & Shanghai	12½		
● Charterhouse Bank	12½	● Leopold Joseph & Sons	12½		
Citibank NA	12½	Lloyds Bank	12½		
City Merchants Bank	12½	Meghraj Bank Ltd	12½		
Clydesdale Bank	12½	McDonnell Douglas Bnk	12½		
Comm. Bk. of London Plc	12½	Midland Bank	12½		
		Mount Banking	12½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2087

Conversion 10% Stk 1996 A - £99⅞ ⅞ ⅞ .351563 ⅞ .367188 ¾ ⅞ ⅞‡ ⅞ .429688

Exchequer 10½% Stk 2005 - £102¾ (28Mr91)

Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £113⅞

(28Mr91)

Cater Allen Hldgs PLC4.2% 2nd Cum Prf £1 - 53½ (28Mr91)

Co-Operative Bank PLC9.25% Non-Cum Irrd Prf £1 - 87½ 8¾

Kyowa Bank LdShs of Com Stk Y50 - Y1200

Lombard North Central PLC6% Cum 1st Prf £1 - 45 (3Ap91)

Midland Bank PLC7½% Subord Uns Ln Stk 83/93 - £90 (3Ap91)

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Electricity

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

Rule 535(2)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ames Department Stores 75 (28/3)
Aust. Foundation Inv 84
Beverly Enterprises $10.75♦ 10.80♦ (28/3)
Boral Ord A$3.4706 ♦ 3.455 ♦ (3/4)
City Developments £1.148♦
Dainippon Screen Manufacturing Y1509.17 (28/3)
Email Ord Stk A$3.44 (2/3)
Futuris Corp 16
Highveld Steel & Vanadium $4.62
Idaho Power Co $26.125♦ (3/4)
Killinghall Tin (Malaysia) Berhad Ord 35, 38
Kulim Malaysia Ord 28 (28/3)
Mogul Mining A$0.056 (3/4)
National Electronics Hldgs 2, 3.5 (3/4)
Noranda Inc £8.40
Oil Search 25, 26 (3/4)
Overseas Chinese Banking Corp S$10.1 (2/3)
Palabora Mining £13♦
Playmates Hldgs HK$6.561 (3/4)
Regal Hotels (Hldgs) 10♦
Saab-Scania Ser A SK285.56♦ (2/3)
Selangor Coconuts M$1.9
Singapore Land S$6.65 (3/4)
Sky Line Explortn 42 (28/3)
Wooltru Class 'A' R80.85

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Footsie index hits yet another peak

The FT-SE 100 index climbed to its third high in succession yesterday, spurred by widespread shortages of stock and Wall Street's positive initial response to the latest US unemployment data.

After a quiet opening, equities again confounded the many analysts and traders who had expected the market to turn lower. Institutions bought both Footsie constituents and smaller stocks early in the session. By mid-morning traders were desperately hunting for shares themselves.

This was reflected in some spectacular rises - Reckitt and Colman was 49p up at one point at the end of a strong week for the stock – and there was only one small rights issue to distract fund managers: BPP, a publisher, intends to raise £12.35m.

Account Dealing Dates		
*First Dealings:		
Mar 11	Apr 2	Apr 16
Option Declarations:		
Mar 27	Apr 11	Apr 25
Last Dealings:		
Mar 28	Apr 12	Apr 26
Account Day:		
Apr 8	Apr 22	May 7

*New-time dealings may take place from 8.30 am two business days earlier.

Analysts see the flow of such issues continuing. Indeed some of yesterday's weaker stocks, such as RMC and Blue Circle, were the subject of speculation that they were preparing cash calls.

Mr John Reynolds at County NatWest said that rights issues would be the main factor in the market running out of steam later this year. He estimates rights issues in 1991 will exceed £5bn. This would soak up institutions' cash when combined with about £5bn of UK government asset sales forecast in the Budget, another £4bn to be raised by the sale of the government's remaining stake in BT, and the issuance of gilts. Mr Reynolds acknowledged, however, that there was a strong chance of further rises in share prices in the short term as interest rates fall.

Institutions were more selective in the buying patterns than in recent days. They took seriously both the talk of cash calls and some analysts' downgradings, such as in Reed International and British Airways. One-third of Footsie constituents were left out of the 20.8 rise in the FT-SE 100 index to 2545.3.

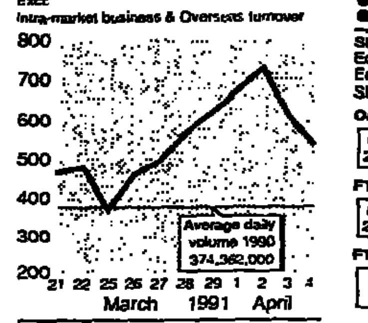
The rise was underpinned by good volume of 605.1m, a level of business which was particularly heartening for market professionals, given that most tax related deals ahead of yesterday's end to the fiscal year had been conducted by the middle of the week. A record intra-day high for the Footsie was touched at 2552.1 and the FT 30 index reached a new peak of 2014.5, up 7.3.

Sterling's strength within the ERM encouraged some talk of an immediate base rate cut. Few were surprised when the Bank of England signalled unchanged rates, not least because next Friday sees the publication of the retail prices index for March: the government is unlikely to commit itself until it knows there will be no shock on inflation.

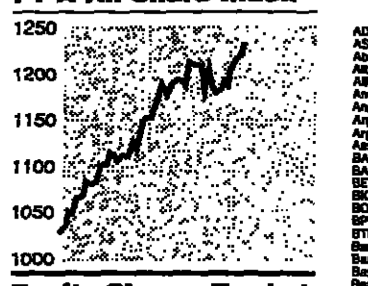
Medium and long dated gilts lost ground on profit-taking. They retreated from the psychological 10 per cent yield level.

● **Equity turnover peaked midweek as tax-related deals were executed before the end of the fiscal year yesterday. Underlying trading volume remained good.**

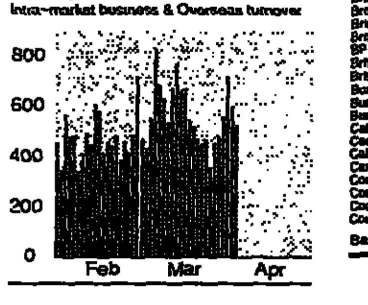
London SE volume



FT-A All-Share Index



Equity Shares Traded



FINANCIAL TIMES STOCK INDICES

	Apr 5	Apr 4	Apr 3	Apr 2	Mar 28	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.55	85.65	85.35	85.09	85.03	77.45	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.84	94.77	94.70	94.80	94.53	86.32	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2014.5	2007.2	2014.2	1985.9	1953.9	1740.2	2014.5 (5/4)	1605.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	137.8	138.5	137.4	138.2	138.4	256.0	179.7 (14/1)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2545.3	2524.5	2519.1	2488.3	2456.5	2221.1	2545.3 (5/4)	2054.9 (16/1)	2545.3 (5/4/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1170.06	1163.53	1164.84	1148.11	1137.08	-	1170.06 (5/4)	938.62 (16/1)	1170.06 (5/4/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.80	4.82	4.80	4.86	4.94	5.13				
●Earning Yld %(full)	8.75	8.72	8.69	8.80	8.94	11.93				
●P/E Ratio(Net)(☆)	14.07	14.13	14.18	14.00	13.78	10.17				
SEAQ Bargns 4.45pm	59,497	62,934	56,978	39,408	44,540	37,426				
Equity Turnover(£m)†	-	1129.87	1197.13	1183.74	1036.03	949.54				
Equity Bargains†	-	63,599	56,911	45,958	46,693	38,873				
Shares Traded (ml)†	-	526.2	601.8	715.7	566.2	539.8				

Basis 100 Govt. Secs 15/10/26, Fixed int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.60

Ordinary Share Index, Hourly changes — Day's High 2024.1 — Day's Low 2006.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2013.1	2013.6	2007.1	2014.4	2019.6	2023.3	2022.7	2019.9	2012.2

FT-SE 100, Hourly changes — Day's High 2552.1 — Day's Low 2529.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2532.8	2537.7	2531.0	2537.7	2545.0	2550.0	2550.6	2547.0	2541.3

FT-SE Eurotrack 200, hourly changes — Day's High 1173.43 — Day's Low 1165.83

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1167.09	1165.83	1167.30	1169.75	1171.37	1171.83	1170.61

GILT EDGED ACTIVITY

Indices*	Apr 4	Apr 3
Gilt Edged Bargains	94.0	91.3
5-Day average	86.6	84.9

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	16,000	70	-12	Dalgety	330	382	+3	Manweb	555	239		Smith (W H) A	453	334	+9
ASDA Group	3,100	133	+2	Dixons	2,400	196	+5	Marks & Spencer	6,700	257	+7	Smith & Nephew	2,900	133	+3
Abbey National	2,800	277		ECC Group	108	435	+2	Maxwell Comms.	3,400	184	+3	SmKl Beecham	1,900	738	+10
Albert Fisher	3,000	125		Eastern Elect.	739	180	+3	Midland Bank	6,400	219	+7	SmKl Beecham Uts.	253	658	+46
Allied-Lyons	2,600	320	+3	East Midland Elect.	324	195	+3	Midlands Elect.	784	187	+5	Smiths Inds.	118	286	
Amstrad	1,000	79	-2	Enterprise Oil	930	573	+6	NatWest Bank	3,900	344	+6	Southern Elect.	453	187	+5
Anglian Water	990	308	+5	Eurotunnel Units	517	498	+13	National Power	8,300	129½	-3	South Wales Elect.	164	252	+2
Argos	709	298	+6	FKI	2,800	59	+1	Next	847	27½		South West Water	304	300	
Argyll Group	3,600	308	+8	Ferranti	1,900	13		North West Water	914	307	+10	South West Elect	376	192	+2
Ass. Brit. Foods	181	500	+9	Fisons	2,200	497	+15	Northern Elect.	647	200	+8	Southern Water	748	270	+2
BAA	1,600	430	+7	Gen. Accident	840	579	+10	Northern Foods	440	434		Standard Chartd.	968	333	+5
BAT Inds.	1,800	730	+8	General Elect.	4,900	204½	-2½	Norweb	1,200	196	+3	Storehouse	1,800	123	+2
BET	2,400	173	+3	Glaxo	2,500	1125	+1	Pearson	187	765	-3	Sun Alliance	1,000	393	+5
BICC	454	457	-1	Glynwed Int.	910	278	+1	P & O	786	610	-4	T&N	556	169	-1
BOC	1,100	580	+5	Granada	3,400	190	+5	Pilkington	3,900	189	+3	TI Group	380	541	-1
BPB Inds.	576	227	-2	Grand Met.	4,600	821	-9	PowerGen	5,400	127½	-2	TSB	4,000	151	-1
BTR	2,400	418	-1	GUS A	479	1284	+22	Prudential	5,000	245	+5	Tarmac	1,000	259	-3
Bank of Scotland	993	146	+5	GRE	2,200	214	+4	RHM	657	327		Tate & Lyle	1,900	374	+13
Barclays	2,300	468	+3	GKN	976	375	-5	RMC	1,000	694	-10	Taylor Woodrow	1,300	204	-6
Bass	1,000	963	+13	Guinness	2,000	917	+3	RTZ	839	569	-3	Tesco	6,400	290	+5½
Beazer	1,800	180	-3	Hammerson 'A'	157	631	+6	Racal	12,000	242	+13	Thames Water	793	308	+6
Berisford Int.	3,600	41	+2	Hanson	7,400	237	+2½	Racal Telecom	502	410	+33	Thorn EMI	362	750	+3
Blue Circle	447	269	-4	Hanson Warrants	305	44½		Rank Org.	503	764	+17	Trafalgar House	2,100	255	-8
Boots	2,300	379	+7	Harrisons Crosfield	287	156		Reckitt & Colman	491	1543	+41	Trusthouse Forte	3,300	276	
Bowater	237	620	-1	Hawker Sidd.	154	571	+2	Redland	804	617½	-2½	Ultramar	1,300	331	+8
Brit. Aerospace	1,000	657	+11	Hillsdown	2,400	268	+8	Reed Intl.	1,500	451	-7	Unigate	290	319	+5
British Airways	4,300	159	-4	IMI	313	247		Reg. Elect. Pkg Uts.	4	£1068	+35	Unilever	1,600	785	+6
British Gas	11,000	257	+4	ICI	1,100	1060	+8	Rentokil	31	274	+2	United Biscuits	1,400	388	-2
British Land	173	309	+3	Inchcape	445	344	+1	Reuters	627	884	+1	Utd. Newspapers	245	367	-6
BP	14,000	335	+4	Kingfisher	3,100	494	+11	Rolls Royce	2,300	168	+1	Water Package Uts.	1	£3090	+66
British Steel	3,200	147	+3	Ladbroke	4,000	291	-3	Rothmans	146	868	+3	Wellcome	792	546	+2
British Telecom	12,000	365	+3½	Land Securities	408	550	+3	Ryl Bk Scotland	2,700	194		Welsh Water	398	350	+5
Bunzl	1,500	98	-1	Laporte	348	581	+10	Royal Insurance	909	463		Wessex Water	333	382	+4
Burmah Castrol	686	811	+5	Legal & General	1,200	469	+8	Saatchi	37,000	20¼	+1½	Whitbread 'A'	3,000	477	-4
Burton	4,100	102	-2½	Lloyds Abbey	355	431	+4	Sainsbury	909	376	+2	Wiggins Teape	894	234	+1
Cable & Wire	3,100	525	+1	Lloyds Bank	2,800	370	+10	Scottish & New	2,500	379	-1	Williams Hldgs.	1,800	291	-4
Cadburys	1,000	391½	-2½	LASMO	644	350	+3	Sears	4,000	94		Willis Corroon	1,600	331	+7
Calor Group	150	227	-1	London Elect.	1,200	187	+5	Sedgwick	1,400	271	+3	Wimpey	484	217	-1
Carlton Comms.	425	475		Lonrho	664	260		Seeboard	413	185	+5	Yorkshire Elect.	399	209	+2
Coats Viyella	9,800	157	-5	Lucas	966	164		Severn Trent Water	649	288	+6	Yorkshire Water	269	336	+4
Comm. Union	803	539	+6	MB Caradon	354	295	-3	Shell Transport	4,800	486	+4				
Cookson	561	130	+2½	MEPC	73	539	+2	Siebe	864	449	+6				
Courtaulds	855	414	-3	Manpower	532	72½		Slough Ests	129	248	+1				

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Racal in heavy demand

The Racal "twins" moved higher in heavy trading as the market responded to revived stories that a predator was stalking the pair with a view to winning control of Racal Telecom, which owns the Vodafone cellular telephone business.

Both shares were higher, taking their cue from some keen overnight buying by US investors and also from an upgraded profits forecast for Electronics by Hoare Govett, and bullish comments on both stocks from BZW.

Buying interest intensified as the session wore on, leaving Telecoms 33 higher at 410p on turnover of 502,000 while Electronics pushed up 13 to 242p on heavy turnover of 12m. Electronics retains an 80 per cent stake in Telecoms, which it intends demerging later this year, along with its Chubb security business.

The market was full of stories that a consortium of international groups was looking to gain control of Telecom; the rumoured participants included Cable & Wireless and Hutchison Whampoa. Talk that they had accumulated a near 3 per cent stake in Racal Electronics was regarded by traders as unlikely. C & W shares were restrained by the takeover speculation and settled a penny up at 525p.

Glaxo erratic

Glaxo suffered from cautious comment in the weekly business press on possible controls on the marketing of prescription drugs. Sentiment was also hurt by positive interpretations of a review of Losec, the new rival to Glaxo's best selling drug Zantac, in the influential New England Journal of Medicine.

Mr Andrew Porter at Nikko Securities added that this week had seen the launch of Losec, made by Swedish company Astra, in Japan. This would dent the sales of rival ulcer treatments in the short term as wholesalers stocked up. The shares dropped 13 at one point before ending a penny better at 1125p in solid turnover.

What traders called "panic selling" from the US of ADT, the Bermuda-based conglomerate, left the shares 12 lower at 70p on heavy turnover of 16m. The company is in litigation with its 28 per cent shareholder, Laidlaw, the Canadian waste disposal and transport group. ADT's joint broker, Lehman Brothers, downgraded the stock from "outperform" to "speculative hold".

Life assurances were among the market's best performers, helped by the recent good results from London & Manchester and a buy recommendation from County NatWest. The latter was said to be behind heavy buying of Britannic, which advanced 42 to 844p, Refuge, 17 up at 678p and Prudential which added 5 at 245p. London & Manchester rose 11 to 360p.

The power generators were among the handful of poor performers. The former big Japanese buyers of the stocks were again conspicuous by their absence and National Power settled 3 off at 129½p while PowerGen dipped 2 to 127½p. A visit by twelve of the City's biggest institutions to Thames Water's operations, saw the latter's shares 6 higher at 308p.

Microfocus maintained the outstanding performance of the shares since the turn of the year. They closed 85 higher at 1513p, compared with the 700p level on January 1. Specialists said the stock continued to respond to persistent US buying triggered by the success of the group's Cobol software product. Earlier this week it was revealed that ADR's held by BNY Nominees accounted for over 20 per cent of Microfocus's shares, compared with the 5 per cent figure of late last year. Microfocus reports preliminary figures next week with profits expected to top £13m against last time's £8.2m.

Reed International fell 7 to 451p as brokers downgraded. Hoare Govett cut its profit forecast for Reed's year ending this month by £16m to £224m. BZW also shaved its estimates.

There were reports that Cazenove, broker to the company, had changed its recommendation. Cazenove declined to comment. The Reed share price had been squeezed higher the previous day by a badly handled buying order, added an analyst.

BPP, the educational publisher, held up in the face of a £12.35m rights issue. It lost 5 to close at 305p after announcing a 255p per share issue on a one-for-four basis. The cash call was handled by Kleinwort Benson and involved 5.06m shares placed with institutions.

Pearson shed 3 to 765p ahead of final results due on Monday. WPP, the marketing services group, gained 18 to 207p on consideration of Thursday's $1bn refinancing agreement.

Stories suggesting another rights issue in the building sector on Monday refused to die and led to some late selling in the sector. BPB was suggested as one of the potential candidates to raise money and slipped 2 to 227p. RMC, due to report on Wednesday, was another and fell 10 to 694p. Blue Circle, scheduled to report figures on April 18 was also mentioned and lost 4 to 269p.

The strength this week of Coats Viyella gave way when a large seller appeared of 5m shares. The sale was effected at 155¼p and the market price reacted to 157p, down 5, after heavy turnover of 11.8m shares. There was also speculation that Coats could increase its bid for Tootal by announcing all-paper terms next week. Tootal was unchanged yesterday at 75p against the current offer from Coats of 65p cash.

Alexander Proudfoot, the management consultancy and business services group, continued to strengthen ahead of Wednesday's preliminary results. The shares closed at 395p, compared with 379p on Wednesday.

Industrial holding company TT Group further responded to Thursday's good trading statement, which showed annual profits and the dividend distribution both 25 per cent higher. The shares rose 9 more for a two-day gain of 20 to 140p.

Dawsongroup, the truck rental and dealer company, rallied on relief that the year-end loss was not heavier. The chairman's comments about a "reduced level of gearing" also aided the rise of 6 to 39p.

General trader EMC bounded 8 to 77p after an extraordinary meeting approved the resolutions to acquire Novo Communications.

USM-listed Haemocell, the blood filtration equipment manufacturer, improved on the arrangements for the consolidation of minority interests. This entails the issue to institutional investors of 250,000 shares at 95p per share. The stock ended 5 up at 102p.

A 19 per cent drop in monthly car sales against last year's figures meant related stocks failed to take advantage of the FT-SE's buoyant mood. GKN eased 5 to 375p and Lucas was flat at 164p. Laird picked up a penny to 230p.

British Aerospace continued to gain after raising £150m through a Eurobond issue on Wednesday. Analysts said there was general relief that the company did not go to the equity market for the money and the shares rose 11 to 657p.

Tate & Lyle came in for good support after news that the Canadian agricultural ministry had given conditional approval to Tate's natural sweetener product Sucralose. Mr Carl Short at Nomura said that if official approval of the product spread to the US, the UK and Europe that the potential for Tate's profits could be some £20m or 20 per cent of Tate's profits. Tate & Lyle shares closed 13 up at 374p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9. Rises and Falls, Page 8.

EQUITY FUTURES AND OPTIONS TRADING

TIME and taxes cast a shadow over the derivative markets yesterday.

The change-over to British Summer time has meant that for a brief period US markets open at 3.30pm UK time rather than the usual 2.30pm. Consequently, traders taking their inspiration from Wall Street have proportionately less time to deal.

The ending of the tax year yesterday slowed trading on the Liffe and Ltom. Analysts said the index futures market was pushed up on thin volume. It drifted back as dealers realised there was no support, but the principal June FT-SE future remained around its fair value - a premium of 40 points to the cash market.

It received a boost in the afternoon with the release of US employment figures indicating that the US was failing to pull out of recession, but suggesting a possible interest rate cut.

The June Footsie future closed at 2,592 - 7 points above fair value - on a turnover of 4,814 contracts, lower than the average volume in recent trading sessions.

Turnover was also down in the Traded Options Market which saw 22,362 contracts dealt as against more than 34,500 on the previous day. The day was dominated by heavy dealing in British Gas after Baring Securities sold 1,500 calls.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-28	+01/32	10.55	10.56	10.77
		9.000	03/00	94-24	+11/32	9.90	10.01	10.13
		9.000	10/08	94-15	+23/32	9.66	9.79	9.84
US TREASURY *		7.750	02/01	98-08	+09/32	8.01	8.05	8.09
		7.875	02/21	96-12	+15/32	8.20	8.24	8.25
JAPAN	No 119	4.800	06/99	88.3398	-0.182	7.04	7.03	7.00
	No 129	6.400	03/00	98.6791	-0.083	6.64	6.68	6.61
GERMANY		9.000	01/01	104.1300	+0.500	8.35	8.50	8.34
FRANCE	BTAN	9.000	02/96	99.3221	+0.000	9.18	9.19	9.22
	OAT	9.500	01/01	103.1300	+0.150	8.99	9.06	9.04
CANADA *		9.750	08/01	102.3000	+0.650	9.39	9.54	9.67
NETHERLANDS		8.500	03/01	99.3000	+0.310	8.61	8.73	8.62
AUSTRALIA		13.000	07/00	109.2141	-0.062	11.36	11.38	11.51
BELGIUM		10.000	08/00	104.3500	+0.250	9.27	9.14	9.04

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday April 4 1991

Textiles	+	36.24	Industrial Group	+	21.12
Electricals	+	30.82	Consumer Group	+	19.63
Packaging, Paper & Printing	+	29.78	Motors	+	19.54
Other Industrial Materials	+	27.82	All Share Index	+	18.53
Engineering-General	+	27.43	500 Share Index	+	18.48
Health & Household Products	+	27.29	Financial Group	+	18.42
Telephone Networks	+	25.87	Insurance(Composite)	+	17.36
Conglomerates	+	25.43	Stores	+	16.79
Contracting,Construction	+	25.28	Building Materials	+	16.77
Metals & Metal Forming	+	24.31	Food Manufacturing	+	16.50
Capital Goods	+	23.43	Transport	+	16.03
Banks	+	23.31	Engineering-Aerospace	+	15.85
Chemicals	+	23.16	Insurance(Brokers)	+	15.46
Electronics	+	23.04	Electricity	+	15.27
Merchant Banks	+	22.16	Hotels & Leisure	+	14.47
Other Groups	+	21.98	Brewers and Distillers	+	12.69
Media	+	21.97	Water	+	11.93
Business Services	+	21.96	Property	+	7.10
Food Retailing	+	21.38	Oil & Gas	+	3.18
Insurance(Life)	+	21.30	Gold Mines Index	-	10.41
Investment Trusts	+	21.12			

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (260).
BRITISH FUNDS (15) Treas. 3pc 1991, Treas. 3pc 1992, Exch. 3pc Gas '90-95, Treas. 6¾pc '95-98, Consld. 2½pc, Conv. 3½pc '61, Treas. 2½pc, Treas. 3pc '66 Aft., Treas. 2½pc IL 2003, Do. 2pc 2006, Do. 2½pc 2009, Do. 2½pc IL 2011, Do. 2½pc IL 2016, Do. 2½pc IL 2020, Do. 2½pc IL 2024, AMERICANS (12) Amdahl, Chase Manhattan, Citicorp, Colgate-Palm., Cont'l Bk., Data Gen., Gillette, Lone Star, Manuf. Hanover, Molex, Rep NY, Time Warner, CANADIANS (1) Echo Bay, BANKS (10) Bk. Scotland, Do. 9¾pc Prf., Brown Shipley, Fuji, Midland, Mitsubishi, Mitsui Taiyo, Mitsui Tst. & Banking, Woodchester, Yasuda Tst. & Banking, BREWERS (2) Devenish 4.5pc Prf., Kirin Brew., BUILDINGS (9) Amwoods, Baldwin, Beazer, Berkeley, Gett, Grafton, Mowlem (J), Sheffield Insulations, Tilbury, CHEMICALS (2) BTP, Yorkshire, STORES (14) Alexon, Argos, Dunhill, Fine Art Dev., Hartstone, Kingfisher, Do. 8½pc Ln. 2000, Marks & Spencer, QS, Ritz Design, Scholl, Smith (WH) A, Storehouse, T & S, ELECTRICALS (14) Brit. Telecom, Gardiner, Life Sci., Logica, MTL Instrs., Micro Focus, Pilco, Do. A, Racal, Do. 7pc Cnv. 2009-14, Racal Telecom, Sys. Reliability, TDK, Unitech, ELECTRICITY (1) Sth. Wales, ENGINEERING (12) Beauford, Chamberlin & Hill, Chemring, Clayton, Cook (Wm), Haden MacLellan, Johnson & Firth, McKechnie, Meggitt, Molins, Rotork, Wagon, FOODS (25) Argyll, Assoc. Brit. Foods, Assoc. Fisheries, BSN, Berisford, Brake, Cranswick Mill, Geest, Goodman Fielder Wattie, Hillsdown, Iceland Frozen, Kwik Save, Low (Wm), M & W, Merchant Retail, Morrison (Wm), Do. 5¼pc Prf., Nestle (Br.), Do. (Regd.), Sainsbury (J), Shoprite, Sutherland, Tate & Lyle, Do. 7.25pc Prf., Tesco, HOTELS (1) Resort, INDUSTRIALS (52) Astra B, BOC, BTR, Do. Wrrnts. '92-93, Do. Wrrnts. '94-95, Baxter Inc., Baynes (C), Benson, Bespak, Bibby (J), Boots, Brandon Hire, Cassidy, C'bell & Armstrong, Community Hosp., Cooper (A), Cosalt, Daimler-Benz, Diploma, Dolphin Packg., ECO, EMC, Erskine House, Esselte, Fisons, Ipeco, Kalon, London Intl., Magnolia, Marling, Pathfinders, Proudfoot (A), RCO, Reckitt & Colman, Do. 9.5pc Cap. Bd., Rockware, Securicor A, Serco, Siebe, Smith & Neph., SmithKl Beecham A, Do. Equity Units, Sthn. Business, Stage Furniture, TT, Toye, UDO, Unichem, Vinten, Waterford Wedgwood, Whatman, INSURANCE (5) Amer Intl., Britannic, Skandia, Torchmark, Willis Corroon, LEISURE (6) Campari, Prism, Radio Clyde, Scottish TV, Stanley, Wembley, PAPERS (11) Enso-Gutzeit, Fitch RS, Do. 6p Cnv. 2007, Gold Greenlees, Lopex, Repola, SCA B Free, Saatchi 6.3pc Prf., Shandwick, Stat-Plus, WPP, PROPERTY (6) Asda Prop., Do. 5¼pc Prf., Bilton (P), Slough Ests. 12¾pc Ln. 2009, Do. 11¼pc Ln. 2019, TEXTILES (5) Courtaulds, Hicking Pentecost, Lamont, TRANSPORT (6) BAA, Dawsongroup, Hays, Interlink Exprs., TNT, Tibbett & Britten, TRUSTS (38) Archimedes, Baillie Gifford Japan, Baillie Gifford Shin Nippon, Baltic, Do. 7pc Prf., Beta Global Emrg. Mkts., Carlisle, China & Eastern, Do. Wrrnts., EFM Java, English Natl. Dfd., First Pac., First Philippine, Fleming Far Eastern, Flmg. Fledgeling, Foreign & Col., I & S Optimum Inc., JF Fledg. Japan, Foreign & Col. GT Chile, Do. Wrrnts., Jersey Phoenix, Leveraged Opportunity, London Amer. Ventures, Lowland, M & G, Martin Currie Pac., Do. Wrrnts., Pacific Asset, Do. Wrrnts., Rathbone, Schroder Jap. Wrrnts., Second Mkt., Shires, Siam Select. Growth, Do. Wrrnts., Templeton Emrg. Mkts., Do. 1pc Ln., Witan, WATER (2) Wessex, Yorkshire, OILS (9) Brit. Borneo, Brit. Gas, Burmah Castrol, Global Natural Res., Goal Pet., Hardy, Ins. Pet., Pittencrieff, Triton Europe, MINES (3) Feltrim, Gwalia Cons., Indonesian Diamond.

NEW LOWS (34).
CANADIANS (1) Granges Expl., BREWERS (1) Wiltshire, BUILDINGS (3) Cooper Clarke, Freeman, Jackson, CHEMICALS (1) Chemex, STORES (3) Automagic, Fired Earth Tiles, Usher (F), ENGINEERING (2) Cronite, Thornton (GW), FOODS (1) Lees (J.J), INDUSTRIALS (2) ADT, Brompton, LEISURE (3) BCE, Quadrant, Wallgate Wrrnts., NEWSPAPERS (1) Gardner D.C., PAPERS (1) Unit. PROPERTY (2) Dunloe House, English & O'seas., TRUSTS (3) Nth. Am. Gas Wrrnts., Renaissance, Do. Wrrnts., OILS (4) Cairn, Ex Co. Louisiana, Gaelic Res., Gt. Western Res. Class A, PLANTATIONS (1) Rowe Evans, MINES (5) East Rand Prop., Harmony, Joel (HJ), Randfontein Ests., Unisel.

COMMODITIES

WEEK IN THE MARKETS

Strike fear lifts lead and zinc prices

LABOUR RELATIONS provided most of the interest at the London Metal Exchange this week. Concern about an impending stoppage in Canada buoyed the lead and zinc markets; and nickel prices were boosted briefly by reports of heavy production losses at a strike-bound Soviet mine.

As hopes faded of industrial action being averted at Curragh Resources' Faro lead/zinc mine in the Yukon the LME's cash zinc price reversed last week's downtrend with a $35 rise to $1,233.50 a tonne.

Renewed buying and short-covering was encouraged when it became clear that talks held early in the week, at which the union rejected the company's latest pay offer, would be the last before a strike became legally possible yesterday.

As the deadline approached Mr Kerry Tschritter, local president of the United Steelworkers of America said on Thursday: "We're ready to go on strike tomorrow and we're ready for a long strike, if need be". The dispute could turn "nasty", he said, because the company had said that it intended using office and technical staff to keep the mill running.

Zinc prices got another boost yesterday morning from news of an earthquake in Peru, which provides about 11 per cent of the western world's zinc. But it later emerged that the epicentre was well away from the main mining areas and buying interest faded. Also discouraging buyers of zinc was yesterday's announcement of a 3,125-tonne rise in LME warehouse stocks to 66,450 tonnes.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes		
Aluminium	+6,600	to 336,475
Copper	+4,300	to 218,225
Lead	+175	to 70,700
Nickel	+598	to 5,684
Zinc	+3,125	to 66,450
Tin	-380	to 17,845

The Faro situation was also reflected in the lead market, where the cash price ended £2.50 up on the week at £350 a tonne. However, the rise would have been bigger but for this week's sterling rally. In terms of the US currency cash lead registered a $17.30 rise on the week.

The steadiness of sterling was the principal reason for the apparent weakness of the copper market, which in recent weeks had been underpinned by the pound's slide against the dollar. Cash copper fell £32.50 on the week to £1,371.50 a tonne at the LME, but in dollar terms that worked out at a fall of only $5.80.

The nickel market was also on the slide on Tuesday and Wednesday, the cash price dipping below $9,000 a tonne again. But it found good support on Thursday on reports from the Soviet Union suggesting that strikes at the Norilsk mining-refining complex in Northern Siberia had halved output of the metal.

Some of the resulting $122.50 rise was wiped out yesterday, however, when it was announced that the Norilsk strikes were over and production was back to normal. At last night's close cash nickel was quoted at $9,030 a tonne, down $30 on the day and $270 on the week.

At the London bullion market gold was held in its recent range between support at $355 a troy ounce and overhead resistance at $360 an ounce. But silver and platinum made substantial gains in the first half of the week as easing recession fears encouraged buyers.

Cash silver was up nearly 28 US cents a troy ounce at one stage, but as the bearish supply/demand situation and the continued lack of investor interest reasserted their influence the gain on the week was trimmed to 15.40 cents, at 399 cents an ounce. In contrast platinum maintained its upward momentum to reach $404.50 a troy ounce yesterday, up $3.25 on the day and $12.10 on the week.

At the London Futures and Options Exchange cocoa and coffee prices finished an uneventful week with sharpish losses. In falling £30 on the week to £603 a tonne in the July position robusta coffee was following "the line of least resistance", one trader commented. July cocoa ended at £683 a tonne, down £24 on the week, near the bottom of its recent trading range.

World sugar prices edged lower but remained comfortably above February's 33-month low. However, a broker's report published this week described the near-term outlook for the sugar market as "depressing". E.D. & F. Man noted that China was staying out of the market while Mexico was looking to reduce purchases. In addition India, sometimes a big buyer, was this year exporting the commodity and Thai production was rising.

The Indian government announced this week that it had sanctioned a further 200,000 tonnes of sugar exports for the 1990-91 season, on top of the 225,000 tonnes already authorised.

Richard Mooney

APPOINTMENTS

Chairman of Texas Homecare

■ **Mr Ron Trenter** has been made chairman and chief executive of TEXAS HOMECARE, the Ladbroke DIY and home improvement subsidiary. Mr Trenter has been managing director of Texas for the past 10 years and deputy chairman for the past three years. He joined the company in 1971 and continued as managing director following its acquisition by Ladbroke in April 1986.

Mr Peter Hartley has been promoted to managing director and Mr David Kerr to deputy managing director of Texas from their former positions as joint assistant managing directors. Mr Kerr, who is also joint managing director Texas Hiperhogar, which has just commenced operations in Spain, will continue to be responsible for overseas development.

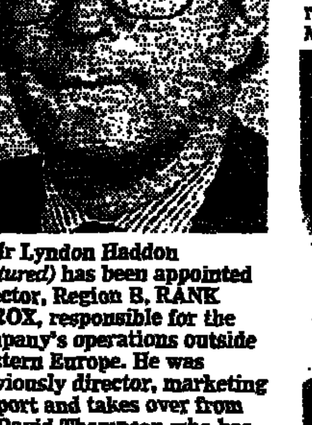
■ BET PLANT SERVICES has appointed **Mrs Bella Ann Shaw-Wightwick** to the board. She is head of press and communications.

■ LEGAL & GENERAL is making the following appointments on June 1. **Mr David Rough**, currently managing director, securities, will be appointed group director (investments). He will take on the day-to-day responsibilities for all investment activities.

Mr Eddie Christie, currently director (operations and development), will be appointed managing director, general insurance.

Mr David Manning has been appointed director, UK equities at LEGAL & GENERAL INVESTMENTS. He will head the team of UK equity analysts and fund managers who invest over £4bn. Mr Manning was previously the director resonsible for pension fund investments at Hill Samuel Investment Management.

■ **Mr Simon Crees** and **Mr Robin Houldsworth** have been appointed directors of TRADITION (UK). Mr Crees will take over responsibility for all non-dollar off-balance sheet products and Mr Houldsworth will handle the capital markets division.



■ **Mr Lyndon Haddon** *(pictured)* has been appointed director, Region B, RANK XEROX, responsible for the company's operations outside Western Europe. He was previously director, marketing support and takes over from Mr David Thompson who has retired but remains with the company as non-executive chairman of Rank Xerox (UK).

■ **Mr Barry Campion** has been appointed a non-executive director of WEST TRUST. He was previously chairman of the food division of the Co-operative Wholesale Society and is currently a non-executive director of Bensons Crisps.

■ **Mr Frank Halliwell** has been made commmercial director of CANADA MARITIME SERVICES. He has also become deputy chief executive. Mr Halliwell replaces the previous commmercial director, **Mr David Temple**, who returned to the US at the end of last year to join Gulf & Atlantic Maritime Services in New Jersey.

■ GRANT THORNTON has appointed **Mr John Collier** as regional managing partner for the North West. He succeeds **Mr Robert Hayton** who is retiring on June 30.

■ **Mr Alan Spear** has been appointed sales and marketing director of ACRIMO, the corporate name of Stanley Curtain Companions since its recent acquisition by Metallhyttans of Sweden.

■ **Mr David Leach** *(pictured)* has been appointed head of business affairs at SELECTV.

■ **Mr Stephen Poster** has been appointed managing director of GRANADA MOTORWAY SERVICES, a subsidiary of the Granada Group. Mr Poster will be joining Granada next month, succeeding **Mr Brian Gatensbury** who is retiring. Mr Poster was a director of Imperial Leisure and Retailing and managing director of Welcome Break, the Imperial motorway services business which is now part of THF. He then took on the additional responsibility for Happy Eater Restaurants and Anchor Hotels.

■ **Mr Werner H. Dieter**, chairman of the board of Mannesmann, is joining the board of APV. **Baron Hugh Kraijenhoff**, chairman of the supervisory board of Akzo, is to retire from the APV board at the annual meeting in 1992.

■ **Mr John Nugent** has been appointed managing director of OVERBURY SOUTHERN. He was previously chairman of John Nugent Construction.

■ **Mr Michael E. Beckett** has been appointed a non-executive director of TACE, the environmental pollution and product monitoring group.

■ MAGAZINE MARKETING COMPANY - the independent Surrey-based magazine distributor - has made two board appointments. **Mr Simon Coningham** has joined as joint managing director alongside **Mr Simon Woolfries**. **Mr Brian Bouchier** moves up from joint managing director to deputy chairman. Mr Coningham was managing director of Burleigh Magazines.

■ **Mr Philip Ovenden** has joined the board of MEON (HOLDINGS). He joins from Select Holidays/Sunlink Aviation, a subsidiary of ILG Travel, where he was a founder director in 1985, chief executive of Sunlink Aviation and responsible for Select since 1989.

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AUTHORISED UNIT TRUSTS

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing: 0277 261010 Enq: 0903 204631

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income F	5	262.1	264.7xd	281.5	-1.4	6.53
(Accum Units) F	5	412.4	416.4	442.9	-2.2	6.53
UK Growth F	5	309.2	313.4xd	333.3	-0.4	4.19
(Accum Units) F	5	365.9	370.9	394.5	-0.5	4.19
Int. Equity Gth ♣ F	5	51.69	51.84	55.14	+0.05	1.40
Intl Bond F	5	50.68	50.68	53.21	-0.02	7.02
Special Sits F	5	19.85	19.85xd	21.72	-0.04	2.85
North American F	5	64.13	64.51xd	68.62	.....	1.11
European Growth ♣ F	6	48.44	48.72xd	51.82	+0.24	1.42

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW Joint Investors	0	1044.5	1044.5	1073.5	+7.5	4.63

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	5	116.9	116.9xd	119.7	.....	4.86

ManuLife Group PLC (1200)H
St George's Way, Stevenage Dealings: 071-256 9858

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	135.0	136.6	145.3	+0.6	3.84
Gilt & Fxd Int	3	143.7	143.7	151.2	+0.1	8.51
Intl Growth	5¼	146.0	147.2	156.6	.....	0.40
North American ▼	5¼	90.76	93.08	99.02	-0.48	0.33
Far East	5¼	118.4	119.1	126.7	+0.2	0.00
UK Smaller Cos	5¼	110.0	115.9	123.3	+0.2	2.85
European	5¼	53.40	53.40	56.99	.....	1.07
Japanese Growth	5¼	38.75	38.75	41.37	+0.18	0.00
Managed P'folio	5¼	48.45	48.70	51.81	-0.12	1.71
High Income	5¼	151.5	153.2	163.0	-0.3	6.10
High Yielding Gilt	5¼	62.11	62.11	65.46	+0.06	9.76
Cash		50.14	50.14	50.14	+0.01	11.99

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DG 0244 680066

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'folio	5¾	112.7	113.0	120.8	+0.1	3.88
Do Accum	5¾	119.1	119.4	127.7	+0.1	3.88
UK Sel P'folio	5¾	101.8	102.6	109.7	+0.1	4.32
Do Accum	5¾	106.4	107.3	114.7	+0.1	4.32

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364842

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	47.78	48.10	51.16	.....	5.13

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng: 031-220 4924

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	99.23	99.95	106.1	+0.5	1.08
Income & Growth	5¼	63.07	63.47	67.37	-0.4	4.57
European (z)	5¼	55.08	55.08	58.47	-0.48	1.35
Nth American (z)	5¼	37.20	37.20	39.49	-0.27	1.35
Intl Growth(9-1)	5¼	63.65	64.89xd	68.88	-0.13	0.85
UK Growth	5¼	56.88	58.16	61.74	+0.35	2.32
Intl Income	5¼	47.84	48.41xd	51.39	-0.23	6.55
High Yield	5¼	46.25	46.25xd	49.09	-0.59	7.02
Charities	5¼	93.18	94.39	100.2	+0.2	5.59
Japan	5¼	41.48	41.48xd	44.03	+0.25	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	68.79	70.21xd	75.09	+1.65	3.29
UK High Income	6	35.62	36.09xd	38.60	+0.05	5.23

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	132.2	132.2	142.0	-0.2	1.09
European Gwth	5¼	195.0	195.0	208.8	+0.7	0.00
Intl Gwth	5¼	144.0	144.0	153.1	+0.2	0.00
UK Equity Inc	5¼	120.8	120.8xd	130.3	-0.1	6.21
UK Equity Acc	5¼	136.0	136.0xd	146.8	-0.1	6.21
UK Ind Tracker Inc	5	122.3	122.3	130.6	+0.1	3.84
UK Ind Tracker Acc	5	130.7	130.7	139.6	+0.1	3.84
US Eq Ind Tracker Inc	5	136.5	136.5xd	145.7	-0.8	3.08
US Eq Ind Tracker Acc	5	140.9	140.9xd	150.4	-0.8	3.08
Japan Tracker	5	64.23	64.23	68.13	+0.31	0.00
Asian Trader	5¼	82.80	82.80xd	88.74	-0.45	1.49
Managed Inc	5¼	98.93	98.93	106.4	+0.1	2.02
Managed Acc	5¼	100.1	100.1	107.7	+0.1	2.02
Cash Inc	0	100.78	100.78xd	100.78	+0.05	12.22
Cash Acc	0	106.71	106.71xd	106.71	+0.05	12.22
Europa	5¼	101.5	105.5xd	108.5	+0.01	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	119.21	119.21	126.87	+0.6	2.60
Exempt Smllr Cos	3½	231.51	231.51xd	250.52	+0.2	1.40

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Acumen	5	68.51	69.09	73.74	-0.08	2.97
Acumen Reserve	3	62.84	62.84	64.72	.....	11.78
American Income	5	120.92	121.0	128.0	-1.00	3.41
Equity Income	5	85.51	85.51xd	91.26	-0.03	5.19
European	5	53.52	53.52	57.12	-0.09	1.82
Far Eastern	5	109.97	110.4	117.9	-0.70	1.52
Smaller Cos	5	45.51	45.51	48.57	+0.03	3.67
Olympiad	5¼	45.67	45.67	48.69	-0.23	1.19
Olympiad Income	5¼	42.82	42.82	45.67	-0.37	4.80
UK Growth	5	72.03	72.70xd	77.59	+0.04	1.56

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Avon Equity	6	93.58	95.06	101.15	+0.90	3.69

NM Unit Trust Mngrs (1200)H
The Bitton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

Fund	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ▼	5¼	31.47	31.59	33.69	-0.23	1.51
(Accum Units) ▼	5¼	33.68	33.81	36.06	-0.24	1.51
Australian ▼	5¼	168.90	169.50	181.80	-1.30	3.02
(Accum Units) ▼	5¼	189.70	190.80	204.70	-1.30	3.02
Conscience	5¼	52.53	53.42	57.01	+0.30	1.37
(Accum Units)	5¼	55.09	56.02	59.78	+0.31	1.37
European	5¼	141.30	142.90xd	152.40	+0.40	1.02
(Accum Units)	5¼	149.90	151.50	161.60	+0.30	1.02
Extra Income	5¼	66.76	67.62xd	72.16	+0.14	8.47
(Accum Units)	5¼	90.75	91.92	98.10	+0.20	8.47
Far East Gth Acc	5¼	115.40	115.20xd	123.10	+0.40	0.25
Gilt & F.I.	5¼	51.33	51.33	54.33	+0.06	9.22
(Accum Units)	5¼	108.10	108.10	114.30	+0.10	9.22

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro SS

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

SS Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
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Tel: 071-379-0444.

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City of Westminster Assurance (z)

PO Box 469, 500 Avebury Blvd, Milton Keynes MK9 2NU

	Bid Price	Offer Price	+ or –	Yield Gross
Current Series				
Property Fund	207.2	218.1	....	–
Secure Gwth Fund	312.9	329.4	+0.3	–
Managed Fund	450.9	474.7	+4.2	–
Equity Fund	254.2	267.6	+2.4	–
Pension Managed Fund	527.4	555.2	+6.0	–
Pension Equity Fund	262.3	276.2	+2.8	–
Pens Adventurous Mgd	217.6	229.1	+6.6	–
Pensions Balanced Mgd	208.5	219.5	+0.7	–
Pens Conservative Mgd	172.6	181.7	–2.5	–
Adventurous Mngd Fd	161.5	170.0	+0.5	–
Balanced Mngd Fd	180.0	189.5	+2.0	–
Conservative Mngd Fd	173.5	182.6	+0.4	–

Clerical Medical/Fidelity Investments

Narrow Plain, Bristol BS2 0JH 0272 290566

	Bid Price	Offer Price	+ or –	Yield Gross
Investment Funds				
Ruby	112.1	118.0	....	–
Sapphire/Mixed	208.9	219.9	+0.4	–
Emerald	111.6	117.5	....	–
Equity	247.9	261.0	+1.2	–
Property	183.0	192.7	....	–
Gilt & Fixed Interest	151.3	159.3	....	–
Indexed Securities	129.9	136.8	....	–
Cash	154.5	162.7	+0.1	–
North American	143.7	151.3	–0.5	–
Far East	200.7	211.3	+1.5	–
International	159.4	167.8	+0.2	–
Special Situations	209.7	220.8	–0.8	–
International Income	215.9	227.3	+0.3	–
American Income	124.7	131.3	–1.0	–
European	219.6	231.2	+0.2	–
South East Asia Fund	182.0	191.6	–0.8	–
Japan Fund	126.0	132.7	+1.7	–

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4BJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	105.6	111.1	+0.4	-
Pension Managed Fd	102.6	108.0	+0.4	-
Life Deposit Fd	105.7	111.3	-----	-
Pension Deposit Fd	110.3	116.1	-----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3SJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	112	122.5	+0.4	-
Managed Growth	138.8	151.8	+0.4	-
Managed Opportunity	136.6	150.2	+0.6	-
NFMC Target Financial	103.7	111.6	+0.3	-
Pension Funds				
Managed Cautionary	120.4	130.9	+0.4	-
Managed Growth	145.4	159	+0.4	-
Managed Opportunity	137.9	150.8	+0.4	-
NFMC Target Mngd Pen	1513.9	1645.6	+5.3	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	160.1	168.6	-----	-
UK Equity	169.1	178.1	-----	-
Overseas Equity	133.3	140.4	-----	-
Fixed Interest	143.1	150.7	-----	-
Property	130.6	137.5	-----	-
Index Linked	146.3	154.1	-----	-
Deposit	153.4	161.5	-----	-
With Profits (B)	127.1	133.8	-----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	352.9	371.5	+0.3	-
UK Equity	450.8	474.6	+0.8	-
Overseas Eq	342.8	360.9	-0.3	-
American	274.7	289.2	-1.7	-
Far East	375.1	394.9	+2.0	-
Property	194.1	204.4		-
Fixed Int	257.1	270.7	+0.5	-
Indexed Gilt	153.9	162.1	+0.2	-
Deposit	178.9	188.4	-----	-
Pension Fund (Accum Units)				
Managed	494.8	520.9	+0.3	-
UK Equity	586.6	617.5	+0.9	-
Overseas Eq	569.0	599.0	-0.5	-
American	356.9	375.7	-1.8	-
Far East	624.0	656.9	+1.6	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	156.5	165.0	-----	-
Accum Equity	222.0	234.5	+0.5	-
Accum Managed	228.0	240.5	+0.5	-
Accum Five Star	170.5	180.0	+0.5	-
Accum World	123.0	130.0	+0.5	-
Accum Lifetime	113.5	113.5	+0.2	-
Pens Acc Equity	242.5	255.5	+0.5	-
Pens Acc Managed	285.0	300.5	-----	-
Pens Acc Intl	209.0	220.5	-0.5	-
Pens Acc Deposit	195.0	205.5		-
Pens Acc Five Star	188.0	198.5	+1.0	-

Providence Capital Life Assr. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	230.0	242.7	-0.5	-
UK Fixed Int Acc	169.7	179.1	+0.1	-
Intl Equities Acc	177.8	187.6	-0.2	-
UK Managed Acc	174.6	184.1	-0.2	-
Property Acc	225.8	238.2	-----	-
Money Acc	127.3	134.3	-----	-
Special Market Acc	129.9	137.1	-0.6	-
Japan Equity Acc	108.5	114.5	+0.9	-
North American Acc	103.3	109.0	-1.1	-
Pacific Acc	94.1	99.3	-0.1	-
Technology Acc	120.0	126.6	+0.4	-
Nat Resources Acc	94.4	97.4	-0.5	-
European Acc	101.2	106.8	-0.3	-
Residential Prop Acc	96.3	101.6	-----	-
Swiss Equities Acc	35.8	37.8	+0.1	-
Hong Kong Acc	63.4	66.9	-0.5	-
UK High Inc Eq Acc	76.5	80.7	-0.3	-
Int. Fixed Interest Acc	55.6	58.7	+0.2	-
Int. Managed Acc	56.6	59.7	-----	-
HIP Managed Acc	111.8	117.9	+0.9	-
HIP Managed II Acc	98.7	104.1	-0.2	-
HIP Managed III Acc	104.3	110.0	-0.2	-
Total Investment Bond				
UK Equity Initial		156.9	-0.4	-
UK Fixed Int Initial		116.0	-----	-
Intl Equities Initial		120.6	-0.1	-
UK Managed Initial		139.3	-0.2	-
Property Initial		158.4		-
Money Initial		87.5	+0.1	-
Special Market Initial		101.3	-0.4	-
Japan Equity Initial		84.5	+0.6	-
North American Initial		80.4	-0.9	-
Pacific Initial		73.3	-0.1	-
Technology Initial		93.4	+0.3	-
Nat Resources Initial		42.3	-0.4	-
European Initial		91.1	-0.2	-
Residential Prop Init		92.3		-
Swiss Equities Initial		34.4	+0.2	-
Hong Kong Initial		60.7	-0.6	-

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS 081-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Shield Life Mngd	122.3	128.7	(z)	-
Shield Pensions Mngd	127.4	134.1	(z)	-
Shield Secure	113.2	119.1	(z)	-
Shield Secure Pens	124.6	131.2	(z)	-
Shield Brand	131.1	137.9	(z)	-
Shield Brand Pens	137.8	145.0	(z)	-

James Campbell & Son Financial Services
38 Railway Rd, Coleraine Co. Londonderry 0265 44321

	Bid Price	Offer Price	+ or -	Yield Gross
Executive Pension	121.7	128.2	+0.1	-
Investment Portfolio	161.1	169.6	+0.8	-

Chase de Vere PLC
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

	Bid Price	Offer Price	+ or -	Yield Gross
New Trust Fd	102.0	107.3	+0.3	-
Safeguard Fd	96.3	101.4	+0.4	-
United Kingdom Fd	150.6	158.2	-0.1	-
Worldwide Fd	115.5	121.5	+1.0	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

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GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (2:00 pm)

[illegible]

CANADA (2:00 pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

FRANCE (continued)

[illegible]

GERMANY

[illegible]

GERMANY (continued)

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWEDEN (continued)

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

MALAYSIA

[illegible]

SINGAPORE

[illegible]

Financial data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INDICES

NEW YORK

DOW JONES	Apr. 4	Apr. 3	Apr. 2	Apr. 1	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2924.50	2926.73	2945.05	2881.19	2973.27 (6/3)	2470.30 (9/1)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	93.61	93.71	93.88	93.64	94.86 (15/2)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1121.65	1116.18	1115.48	1101.55	1166.26 (5/3)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.11	216.30	216.74	213.91	218.12 (26/3)	199.64 (16/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 2959.41 (2958.42) Low 2899.75 (2923.27)

STANDARD AND POOR'S

	Apr. 4	Apr. 3	Apr. 2	Apr. 1	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	379.77	378.94	379.50	371.30	379.77 (4/4)	311.49 (9/1)	379.77 (4/4/91)	4.40 (1/6/32)
Industrials	449.84	448.74	449.82	439.64	449.84 (4/4)	364.90 (9/1)	449.84 (4/4/91)	3.62 (21/6/32)
Financial	30.36	30.15	29.75	29.07	30.36 (4/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	207.73	207.39	207.42	203.41	207.73 (4/4)	170.97 (9/1)	207.73 (4/4/91)	4.46 (25/4/42)
Amex Mkt. Value	365.11	362.47	359.91	357.94	365.11 (4/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	497.57	495.05	489.21	480.86	497.57 (4/4)	355.75 (14/1)	497.57 (4/4/91)	54.87 (31/10/72)

	Mar.22	Mar.15	Mar.8	year ago (approx.)
Dow Industrial Div. Yield	3.53	3.42	3.40	4.06

	Apr. 3	Mar.27	Mar.20	year ago (approx.)
S & P Industrial div. yield	2.81	2.84	2.88	3.05
S & P Indl. P/E ratio	18.44	18.27	17.95	15.09

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Amer Express	4,345,900	28⅞	- ⅜
Saatchi Co	3,069,100	1⅛	+ ⅛
Cadence	2,797,000	26½	- 5⅞
Nabisco RJ	2,671,000	12	— —
Philip Morris	2,355,700	68⅝	+ ⅞
Pepsico	2,352,600	34⅛	+ ⅛
Citicorp	2,016,500	15⅞	+ 1⅛
IBM	1,937,700	113⅝	+ ½
Boeing	1,900,100	49⅛	+ 1½
Blockbuster	1,849,300	11⅛	- ½

TRADING ACTIVITY

† Volume (Millions)	Apr.4	Apr.3	Apr. 2
New York	198.120	213.720	189.530
Amex	14.867	16.841	14.726
NASDAQ	216.112	229.807	199.626
Issues Traded	2,065	2,064	2,057
Rises	941	959	1,194
Falls	675	665	420
Unchanged	449	440	443
New Highs	185	185	148
New Lows	6	4	3

CANADA

TORONTO	Apr. 4	Apr. 3	Apr. 2	Apr. 1	1991 HIGH	1991 LOW
Metals & Minerals	3134.10	3130.66	3174.93	3143.12	3284.18 (5/3)	2632.06 (9/1)
Composite	3524.26	3516.44	3516.31	3486.87	3571.53 (6/3)	3161.95 (15/1)
MONTREAL Portfolio	1851.13	1847.64	1851.13	1830.19	1888.19 (5/3)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 5	Apr. 4	Apr. 3	Apr. 2	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1456.4	1459.8	1456.9	1434.8	1459.8 (4/4)	1204.5 (16/1)
All Mining (1/1/80)	657.5	662.9	663.6	654.3	673.5 (19/3)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	520.53	517.72	515.27	505.40	520.53 (5/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1200.59	1198.59	1202.31	1193.91	1202.31 (3/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	354.26	353.82	352.51	348.78	354.26 (4/4)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1183.7	1171.4	1156.1	1147.2	1183.7 (5/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	491.42	491.21	489.89	483.51	491.42 (5/4)	394.88 (15/1)
CAC 40 (31/12/87)	1851.71	1836.21	1851.89	1827.10	1851.89 (3/4)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	671.57	666.97	668.97	656.00	682.77 (8/3)	578.48 (15/1)
Commerzbank (1/12/53)	1905.40	1892.60	1899.50	1862.4	1942.3 (8/3)	1612.5 (15/1)
DAX (30/12/87)	1586.87	1571.97	1577.50	1538.62	1602.29 (8/3)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	3849.15	3869.70	3789.99	3869.70 (3/4)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1518.86	1518.26	1510.59	1489.56	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	600.29	591.99	592.82	585.06	600.29 (5/4)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	26767.33	26689.81	26780.06	26252.00	27146.91 (18/3)	22442.78 (16/1)
Tokyo SE (Topix) (4/1/68)	2015.60	2007.48	2007.56	1976.70	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3267.76	3238.94	3238.25	3227.43	3267.76 (5/4)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	593.14	591.17	586.86	584.20	605.85 (11/3)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	269.3	269.9	270.9	267.4	270.9 (3/4)	221.4 (16/1)
CBS All Shr (End 1983)	196.9	197.4	198.1	195.5	198.1 (3/4)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	718.49	717.55	720.56	714.02	735.00 (8/3)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1148.36	1128.87	1106.98	1110.77	1148.36 (5/4)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	409.75	409.58	408.85	405.60	415.46 (15/3)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1042.0	1043.0	1039.0	999.0	1367.0 (14/1)	971.0 (25/2)
JSE Industrial (28/9/78)	3425.0	3419.0	3403.0	3386.0	3425.0 (5/4)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	654.14	649.43	643.56	697.62 (4/1)	614.60 (16/1)
SPAIN						
Madrid SE (30/12/85)	281.47	282.08	286.18	286.43	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvärlden Gen. (1/2/37)	1111.7	1114.8	1112.2	1094.0	1119.0 (18/3)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	742.5	740.8	743.0	734.5	743.0 (3/4)	590.4 (14/1)
SBC General (1/4/87)	623.4	618.4	617.9	610.5	623.4 (5/4)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	5344.84	5185.30	5344.84 (3/4)	3316.26 (16/1)
THAILAND						
Bangkok SET (30/4/75)	874.64	868.49	856.38	853.58	885.16 (18/3)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (\$)	524.4*	520.1	519.0	510.9	524.4 (5/4)	439.1 (16/1)

**Saturday March 30: Taiwan Weighted Price: (c), Korea Comp Ex. 659.85.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Confusion and doubt bring equities lower

Wall Street

THE ABSENCE of an immediate reaction from the Federal Reserve to worse-than-expected employment data dashed the market's hopes of an immediate interest rate cut and left shares lower yesterday morning, *writes Patrick Harverson in New York.*

At midday the Dow Jones Industrial Average was down 20.29 at 2,904.21. The more broadly based Standard & Poor's 500 was also weaker, down 3.55 at 376.22, as was the Nasdaq composite index of over-the-counter stocks, which fell 2.45 to 495.12.

Turnover on the New York SE was again high at 100m shares. The extent of the selling pressure was such that declining shares outnumbered rising stocks by almost two to one.

The morning was full of confusion and doubt. After the March jobs report showed a big 206,000 drop in non-farm employment, and a revised February decline of 291,000, shares opened firmer in anticipation that the Fed would respond to the bad news by cutting interest rates.

However, as 11.30 am – the traditional time for the Fed to signal an easing of monetary policy to the markets – approached, and there was no sign of any imminent movement, shares reversed direction on a wave of disappointed selling.

In contrast, the bond market appeared more confident that interest rates would come down. By late morning, the benchmark 30-year government bond was up 1/32 at 97 1/32, yielding 8.134 per cent.

Among individual stocks NCR fell $¾ to $97 as the saga of AT&T's hostile bid continued to unfold. Yesterday the two companies' chairmen met, and Mr Charles Exley of NCR reaffirmed that his company would not accept a bid below $110 a share. AT&T said that it would stick by its offer of $100 a share, but would continue to negotiate with NCR. AT&T shares were unchanged at $34⅞ in busy trading.

CBS, the entertainment group, climbed $2⅞ to $168¼ after news of a $54.6m first quarter operating loss. Although the company also reported a big fall in net operating income, down from $131m in the first quarter of 1990 to just $11.2m this year, the market had been expecting bad news and the losses were already discounted in the CBS share price.

Moving against the trend on the over-the-counter market was Immunex, $1¾ better at $57 on the back of rumours that a positive scientific paper on the company's GM-CSF white blood cell stimulant would be presented to the American Society of Clinical Oncology Conference next month.

First Executive, the troubled insurance group, fell $1/16 to $11/16 on volume of 2.3m shares after the State of New York ordered one of First Executive's biggest operations to stop writing new policies and take action to boost reserves by $125m.

The most spectacular performance of the day came from Agouron Pharmaceuticals, which soared $5¼ to $15¼, a gain of more than 50 per cent, on the news that the company had developed a map of the protein structure of the AIDS virus. Experts said that the map might help scientists to create a new AIDS drug.

Canada

HOPES THAT the US Federal Reserve would ease interest rates after news of the US unemployment figures for March helped Toronto stocks jump in morning trade. Interest rate-sensitive banks and utilities led the market higher.

The composite index gained 12.6 to 3,536.3 in early trading. Advances led declines by 123 to 101 on volume of 10.35m shares.

Among banks and utilities, Royal Bank rose C$¼ to C$26⅛, Bank of Nova Scotia firmed C$⅛ to C$15¾, TransAlta Utilities gained C$⅛ to C$12⅞ and BC Gas rose C$⅛ to C$14⅞.

Refreshed Brussels aims to shake off sticky image

A much-needed injection of liquidity could follow a government innovation, writes Andrew Hill

THINGS could only get better for the Belgian stock market after 1990. Last year was Brussels' worst for three decades: the cash market index fell nearly 25 per cent, turnover dropped for the first time since 1981 and, to cap it all, fire wrecked the trading floor of Brussels' 118-year-old stock exchange building on the last day of November. It was not a good omen for the programme of stock market reforms, which had won Belgian government approval only the previous day.

But since the beginning of this year the market has recovered most of its 1990 decline, rising by 19 per cent. That has made it one of the world's better-performing exchanges, beating Frankfurt, London, Tokyo and Wall Street. It has also been busy: trading volume improved last month on February's level, which was itself nearly double January's figure.

International optimism has played its part, but the market has also been encouraged by local factors, including the government's promotion of Sicavs (sociétés d'investissement à capital variable), which allow investors to roll up dividend income, free of tax.

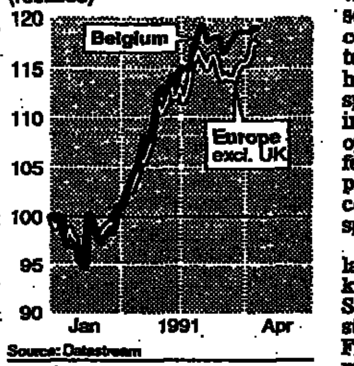
The impact of this innovation, first used in France, should be twofold. Analysts expect that it will attract individual Belgian investors back to their native market, offsetting the lure of Luxembourg Sicavs. It should also stop the debilitating withdrawal of savings from outmoded Belgian equity funds – so-called De Clercq funds – which no longer benefit from tax-breaks. The dowdy De Clercq funds were short of suitors until the end of last year, but under the new legislation they can transform themselves into sexy Sicavs.

The result could be a much-needed injection of liquidity for a notoriously sticky market, in which less than 50 per cent of the market capitalisation of Belgian quoted companies can be traded freely. Institutions also need to be enticed back to the bourse: a better year for the large domestic insurance companies, hit by claims from a series of natural disasters in 1990, would spice up trading.

Meanwhile, the government and the stock exchange authorities are doing their best to polish up the bourse and lure international investors into what used to be, as one Belgian broker put it, "a Mickey Mouse market".

Belgium's Little Bang reform programme was the first step, breaking the stockbrokers' monopoly of exchange business and improving the negotiability of Brussels' high trading commissions. The reforms

FT-A World Indices in local terms (rebased)



Source: Datastream

also cleared up legislative anomalies to prepare the way for Belfox, the embryonic futures and options market planned to open later this year. And to aid this process the bourse last month launched a new real-time index of the market's 20 largest stocks, the Bel20, weighted according to liquidity and trading volume as well as size. Exchange officials hope that the Bel20 will become Brussels' representative index.

This "makes the market look more serious, more sophisticated", in the words of one broker. But some observers doubt whether it really is more sophisticated. The exchange's computer system is still prone to technical hitches and Belfox has yet to make its debut, in spite of speculation that trading in the first futures and options might begin in the next few weeks. "The systems being put in place are very, very complicated," explained a spokesman this week.

In the meantime, Belgium's largest holding companies are keeping investors on their toes. Société Générale de Belgique started the hare running in February when the replacement of the managing director and the sale of Mr Carlo De Benedetti's outstanding investment in the company to the majority shareholder, Compagnie de Suez, prompted hopes of a reshuffle of La Générale's quoted investments.

But although Suez's new chairman, Mr Gerard Worms, confirmed last month that La Générale had to cut its debts by up to BFr20bn ($580m), at the same time he emphasised that its largest stakes – in Acec-Union Minière, the metals group, and CBR, the cement producer – would not be sold.

Belgium's second largest holding company, Groupe Bruxelles Lambert (GBL), also seems to be raising cash. Within the last month, GBL has reduced its stake in Banque Internationale à Luxembourg and its indirect holding in Royale Belge, the Brussels-based insurer. Beyond talking vaguely of the need to reduce borrowings, GBL's shrewd chairman, Mr Albert Frère, is keeping mum about his intentions. But the divestment strategy has encouraged speculation in the stock of other companies where GBL has large holdings, such as Petrofina and Banque Bruxelles Lambert.

The apparent superficiality of such trading has also fuelled deeper concerns about the current performance of the market. As Mr Sebastian Scotney of Dillon Read puts it: "It's a question of when the market starts concentrating on the economic fundamentals and earnings statements."

Brussels' cyclical stocks had an appalling year in 1990. Many of those share prices have come back from the depths in the first three months of this year, but to date there has been little concrete evidence that the companies themselves have recovered. Indeed, the company results season which is just drawing to a close has, if anything, been worse than expected.

The suggestion is that investors are still punting on the chances of longer term economic recovery, both in Belgium and worldwide. As one analyst says: "The bad results have had only a minimal effect on some stocks – I think people must be looking ahead to 1991 and 1992."

Such optimism may be refreshing after the gloom of 1990, and the sustained buoyancy of the bourse has surprised some Belgian brokers. But they are at least still conscious of the pitfalls that may lie ahead. "Put it this way," says one, warily, "I don't think we'll make another 20 per cent in the next three months."

EUROPE

Rising bonds lift Frankfurt as arbitrage enlivens Paris

IMPROVED sentiment lifted Frankfurt yesterday, arbitrage enlivened Paris, while Zurich might have done more business if it had seen interest rates trimmed earlier in the day, *writes Our Markets Staff.*

FRANKFURT saw domestic buying, based on the recovering bond market. Mr Hans-Peter Wodniok, of James Capel in Frankfurt, said the market had seen a lot of its bad political, economic and corporate news, and might now be looking ahead to recovery.

After a 4.60 rise to 671.57 in the FAZ index, the DAX closed 14.90 better at 1,586.87. Gains on the week were 3.8 per cent, and 4.2 per cent respectively. Volume eased yesterday from DM6.5bn to DM6bn.

The mood brought rises in the construction sector which, said Mr Wodniok, was beginning to see orders from east Germany. The best performer on the day was Heidelberger Zement, the building materials company, up DM60 at DM1,145.

Buy recommendations were reported for Kaufhof, the retailer, which rose DM14 to DM477.50; Preussag, up DM15.60 at DM333 in engineering; and Thyssen in steels, another DM8.50 better at DM232. But Linotype, in printing equipment, fell DM24 or 4.1 per cent to DM566 on poor results, a reduced dividend and unappetising 1991 prospects.

PARIS repeated Thursday's trading pattern, as arbitrage between a few stocks dominated business. Yesterday it was the turn of Paribas and its subsidiaries, Ciments Français and Poliet, both of which were requoted after their suspension on March 22.

Paribas, which has offered to buy the outstanding shares in both units, shed FFr17.50 or 3.7 per cent to FFr453.50 on a volume of 683,915 shares. In turn, Ciments Français jumped FFr23 or 5.6 per cent to FFr432 on 638,620 shares, while Poliet swung between FFr507 and FFr530 before closing FFr2 lower at FFr520.

The previous day's arbitrage targets, Alcatel Alsthom and its Générale Occidentale subsidiary, were again heavily traded, but their share prices ended little changed.

Otherwise, the market recovered from the previous day's profit-taking. The CAC 40 index gained 15.50 to 1,851.71, a rise on the week of 1.9 per cent.

Essilor, the lens maker, moved against the trend, falling FFr18.70 or 4.8 per cent to FFr371.30 after Thursday's 38 per cent drop in profits. Yesterday the chairman announced plans to cut the workforce by 7 per cent.

ZURICH rose on a ½ percentage point drop in short-term interest rates. The Crédit Suisse index gained 6 to 562.8, 2.5 per cent higher on the week. Volume picked up late as the interest rate easing became more apparent.

Financials led the market's gains, CS Holding rising SFr70 to SFr1,970 and Swiss Re by SFr230 to SFr3,350.

BRUSSELS was encouraged by Wall Street's opening rise. The Bel20 index edged up 1.93 to 1,200.59, ending the week little changed.

Delhaize, the retailer, was the most active stock, accounting for BFr356m of the total turnover of BFr1bn. Delhaize rose BFr130 to BFr7,700 after Food Lion, its US unit, said sales and profits had risen 18 per cent in the first quarter.

MILAN faded after an early rally and the Comit index rose just 0.30 to 600.29, up 2.8 per cent on the week. Agnelli group shares made a strong showing, Fiat rising L175 to L5,765 in spite of a 19 per cent drop in group car deliveries in March, Ifi up L360 at L15,290 and Rinascente, the retailer, L160 higher at L6,380.

AMSTERDAM ended near its day's lows. The CBS Tendency index eased 0.6 to 97.0, but rose 0.8 per cent on the week.

Philips, the electronics group, fell to a low of Fl 28.50 before closing 60 cents or 2 per cent down at Fl 29.40 as it said that stagnant sales might delay restructuring benefits.

MADRID slipped for the fourth day in a row, the general index losing 0.61 to 281.47 for a 1 per cent weekly loss.

STOCKHOLM's Affärsvärlden General index closed 3.1 lower at 1,111.7, still 2.4 per cent up on the week. Skandia, the insurance company, fell SKr5 to SKr186 before a 67 per cent drop in 1990 profits.

HELSINKI rose 1 per cent, the Hex index making a new high for the year of 1,183.5, up 17.34 on the day and 2.5 per cent on the week.

FT-SE Eurotrack 100 – Apr 5

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1117.29	1116.63	1115.55	1117.38	1118.64	1119.31	1118.32	1119.54

Day's High 1119.55 Day's Low 1114.92

Apr 4	Apr 3	Apr 2	Mar 28	Mar 27
1114.08	1116.86	1100.61	1093.14	1090.17

Base value 1000 (26/10/90)

ASIA PACIFIC

Nikkei edges higher in wait for US data

Tokyo

THE NIKKEI average gained slightly on small-lot buying, after trading in a narrow range before the announcement of US employment data yesterday, *writes Emiko Terazono in Tokyo.*

The 225-issue average closed up 77.52 at 26,767.33, a rise of 1.8 per cent on the week. The index fluctuated within a narrow band between a low of 26,598.19 and a high of 26,787.26.

Volume rose to 550m shares from 480m, with activity centred on short-term trading. Advances led declines by 668 to 300, with 161 issues remaining unchanged. The Topix index of all first section stocks rose 8.12 to 2,015.60 and, in London trading, the ISE/Nikkei 50 index gained 12.27 to 1,536.84.

Traders said that the US jobs data would be interpreted favourably either way. A weak number would raise hopes of a further US discount rate cut, and a strong figure would indicate a recovering US economy.

Hitachi Zosen, the shipbuilder, rose Y21 to Y675 in active trading. Institutional and individual investors were encouraged by a recommendation by securities houses of shipbuilding stocks on projections of a recovery in earnings.

Some issues rose on earnings expectations. Furukawa Electric, the electric wire and cable maker, climbed Y36 to Y856 after cable orders from NTT. Iseki, the agricultural machine maker, gained Y35 to Y705; it expects to double its pre-tax profits this year.

Zexel, the leading maker of fuel injection pumps for diesel engines, gained Y30 to Y975. The issue has risen nearly 32 per cent in the past month, following the Environment Agency's decision to tighten exhaust control laws.

Pharmaceuticals, which have been popular on new drug announcements, fell on profit-taking. Sankyo shed Y30 to Y2,580 and Takeda Chemical lost Y30 to Y1,800.

Car stocks declined on reports that import sales had fallen for the third consecutive month, reflecting a deteriorating market. Toyota Motor fell Y30 to Y1,850 and Honda Motor declined Y20 to Y1,480.

In Osaka, the OSE average rose 100.70 to 29,963.45 on volume of 59.2m shares. Sumitomo Precision Products rose Y100 to Y1,730, as investors were encouraged by strong sales of its heat exchangers for petrochemical companies.

Roundup

THE REGION was mixed yesterday, with Manila and New Zealand ahead, other markets awaiting the US March jobs data, and Hong Kong, Seoul and Taiwan closed for local holidays.

MANILA capped another good run, the composite index rising 19.49 to 1,148.36 for a 4.6 per cent rise on the week – and 97 per cent higher since its year's low on January 10.

The strong performance of San Miguel, the market leader, and Philippine Long Distance Telephone provided the base for the latest gains. San Miguel rose another 3 pesos to 65 pesos on stock split hopes and PLDT by 12.50 pesos to 505 pesos after overnight gains on the American Stock Exchange.

NEW ZEALAND extended its gains, with the Barclays index up 7.89 at 1,360.61, 2.4 per cent higher on the week, as a fall in the New Zealand dollar against the neighbouring Australian currency boosted so-called dual-listed stocks, which are also traded in Australia.

AUSTRALIA itself was subdued, the All Ordinaries index closing 3.4 lower at 1,456.4, but rising 0.9 per cent on the week, in turnover down from A$203m to A$144m.

Brambles Industries, a transportation and security concern, defied the trend and rose 15 cents to A$16 on its acquisition of the Seroul Group, a French bulk road transport operation.

SINGAPORE was mixed and slightly higher while KUALA LUMPUR closed virtually unchanged; BANGKOK's SET index rose 6.15 to 874.64, 2.1 per cent better on the week; and JAKARTA reverted to thin trading as the official index edged up 0.65 to 406.77.

SOUTH AFRICA

TRADING WAS quiet in Johannesburg yesterday, as the industrial index edged up 6 points to another record high of 3,425. Barlows added 25 cents to R40.50. The all-gold index, however, slipped 1 to close at 1,042.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY APRIL 4 1991								WEDNESDAY APRIL 3 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (74)	137.70	+0.6	114.40	118.59	119.34	117.05	+0.1	5.80	136.86	113.92	118.78	118.40	116.88	137.70	112.74	135.00
Austria (19)	202.40	+0.1	168.15	174.32	175.41	175.79	+0.2	1.50	202.11	168.25	175.42	174.85	175.40	222.37	167.00	279.43
Belgium (60)	141.81	+0.2	117.82	122.13	122.90	120.13	−0.1	4.90	141.58	117.85	122.86	122.48	120.28	151.20	121.73	146.27
Canada (116)	138.37	+0.2	114.96	119.17	119.92	115.83	+0.2	3.42	138.15	115.01	119.90	119.51	115.55	141.10	126.49	140.73
Denmark (31)	248.09	+0.0	206.12	213.67	215.01	216.20	+0.1	1.54	248.02	206.46	215.26	214.57	215.98	270.56	217.74	249.07
Finland (21)	121.82	+1.2	101.21	104.93	105.58	101.13	+1.5	2.40	120.43	100.25	104.52	104.19	99.67	125.15	90.61	136.75
France (113)	142.38	−0.6	118.29	122.62	123.39	126.08	−0.6	3.38	143.26	119.26	124.33	123.93	126.80	152.26	121.85	157.96
Germany (88)	111.57	−0.5	92.69	96.10	96.69	96.69	−0.3	2.32	112.09	93.30	97.29	96.96	96.96	125.35	102.48	135.88
Hong Kong (46)	156.45	−0.2	129.98	134.74	135.59	156.61	−0.2	4.37	156.75	130.48	136.04	135.61	156.90	156.75	119.62	122.64
Ireland (16)	170.91	+0.7	141.99	147.20	148.12	150.51	+0.7	3.03	169.65	141.23	147.24	146.77	149.45	182.46	132.88	185.47
Italy (91)	82.29	+0.7	68.36	70.87	71.31	76.26	+0.9	3.34	81.73	68.04	70.93	70.70	75.60	88.23	72.06	97.66
Japan (452)	143.37	+0.7	119.12	123.48	124.27	123.48	−0.1	0.70	142.39	118.53	123.58	123.20	123.58	146.97	118.35	128.22
Malaysia (33)	240.26	+0.6	199.61	206.92	208.22	254.28	+0.6	2.98	238.93	198.89	207.35	206.69	252.73	247.78	192.83	216.33
Mexico (12)	824.35	+2.6	684.88	709.98	714.44	2696.69	+2.8	0.25	803.44	668.82	697.30	695.06	2628.28	824.35	534.45	387.87
Netherland (40)	141.62	−0.7	117.66	121.97	122.74	121.51	−0.4	4.25	142.56	118.67	123.73	123.33	122.00	145.73	125.70	139.31
New Zealand (14)	46.52	+0.7	38.65	40.07	40.32	41.86	+0.7	8.20	46.19	38.45	40.09	39.96	41.37	52.31	41.18	60.75
Norway (30)	201.73	−0.3	167.60	173.75	174.84	177.91	−0.4	1.76	202.25	168.36	175.53	174.97	178.57	223.24	182.24	231.90
Singapore (25)	198.62	+0.2	165.01	171.06	172.13	162.01	+0.7	2.31	198.13	164.93	171.95	171.40	160.88	208.25	151.63	187.49
South Africa (60)	199.08	−0.6	165.40	171.46	172.53	144.81	+0.4	3.94	200.24	166.69	173.78	173.23	144.22	208.54	173.00	184.89
Spain (41)	162.42	−1.1	134.94	139.89	140.76	126.92	−1.5	4.48	164.19	136.68	142.50	142.04	128.80	171.12	131.51	136.76
Sweden (27)	195.32	+0.6	162.27	168.22	169.28	174.57	+0.3	2.49	194.19	161.65	168.54	168.00	173.99	204.12	146.60	177.30
Switzerland (65)	97.67	+0.9	81.14	84.12	84.66	84.92	+0.1	2.43	96.79	80.57	84.00	83.74	84.84	100.67	82.17	90.87
United Kingdom (295)	181.49	+0.5	150.78	156.29	157.27	150.78	+0.3	4.70	180.66	150.39	156.78	156.28	150.39	187.44	156.27	149.26
USA (525)	154.09	+0.2	128.02	132.72	133.55	154.09	+0.2	3.18	153.74	127.98	133.43	133.00	153.74	154.09	125.95	137.74
Europe (937)	144.73	+0.1	120.24	124.65	125.44	123.02	+0.0	3.83	144.61	120.38	125.51	125.11	123.05	151.52	125.50	140.20
Nordic (109)	188.37	+0.3	156.50	162.24	163.25	159.82	+0.2	2.02	187.84	156.37	163.03	162.51	159.50	200.81	155.55	186.16
Pacific Basin (646)	143.17	+0.7	118.95	123.31	124.09	123.88	−0.1	1.03	142.23	118.40	123.45	123.05	123.96	145.92	117.86	128.25
Euro – Pacific (1583)	144.16	+0.4	119.77	124.15	124.94	124.40	+0.0	2.19	143.58	119.51	124.59	124.19	124.46	147.66	121.29	133.43
North America (641)	153.04	+0.2	127.15	131.82	132.68	151.52	+0.2	3.19	152.69	127.11	132.53	132.12	151.17	153.04	125.91	137.82
Europe Ex. UK (642)	122.56	−0.2	101.81	105.57	106.23	106.81	−0.2	3.15	122.81	102.24	106.61	106.27	107.07	129.80	106.85	132.92
Pacific Ex. Japan (194)	139.90	+0.3	116.23	120.51	121.26	124.46	+0.1	4.95	139.49	116.12	121.08	120.69	124.32	139.90	111.40	127.92
World Ex. US (1771)	144.91	+0.4	120.40	124.82	125.60	124.93	+0.0	2.24	144.33	120.15	125.27	124.86	124.85	148.16	122.32	134.32
World Ex. UK (2001)	143.54	+0.3	119.25	123.63	124.41	132.30	+0.0	2.31	143.06	119.09	124.17	123.78	132.24	143.99	120.06	133.01
World Ex. So. Af. (2236)	146.59	+0.4	121.79	126.26	127.05	134.06	+0.1	2.56	146.07	121.60	126.79	126.38	133.97	147.10	122.92	134.14
World Ex. Japan (1844)	150.19	+0.2	124.78	129.37	130.19	139.73	+0.1	3.51	149.94	124.81	130.14	129.73	139.53	151.69	126.69	139.04
The World Index (2296)	146.91	+0.3	122.05	126.53	127.33	134.13	+0.1	2.58	146.40	121.87	127.07	126.66	134.04	147.40	123.28	134.45

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

INT. BANK AND O'SEAS

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Contd

1991 High	1991 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
48⅞	37	CPC Intnl. 25c	48½		$2.00	−	2.3
717p	420p	California Engy	780p	−9	−	−	−
[illegible]							

CANADIANS

[illegible]

Continued on next page

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BANKS, HP & LEASING

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£11¼	£9⅛	ABN Amro Fl5	£11⅛	+⅛	Q30%	♦	4.2	♦
151	121	ANZ SA1	146	.....	Q38c	1.9	11.4	4.7
284	211	Abbey National 10p	277	.....	9.5	φ3.0	4.6	9.6
183	126	Allied Irish Ord	176	–2	†Q40%	3.3	5.1	8.0
65	53	Anglo Irish	60	.....	Q18.6%	2.9	7.0	7.9
60	38	Ansbacher (H.) 1p	38	.....	1.5	0.3	5.3	–
£55⅛	£42⅞	Bancaire Cie Fr100	£50⅞	.....	Q15%	–	3.1	–
£17¼	£12½	Banco Bilbao Viz	£17	–¼	Q49.1%	2.7	4.8	7.7
£30½	£21⅞	Banco de Santander	£30½	.....	Q28.7%	2.9	4.0	10.7
208	139	Bank Ireland IrE1	202	.....	Q14.7%	2.9	6.5	7.1
£19½	£19½	Bank Leumi	£19½	.....	–	–	–	–
350	350	Bank Leumi (U.K.)£1	350	.....	16.0	–	6.1	–
146	111	Bank Scotland	146	+5	†4.55	3.4	4.2	9.3
110	96½	Do. 9¼pc Irrd Pf £1	106¼	.....	9¼%	–	11.6	–
110½	99½	Do. 9¾pc Irrd Pf £1	110	–½	9¾%	–	11.8	–
43	35	Bank of Wales	43	.....	2.8	0.8	8.7	(20.7)
489	327	Barclays £1	468	+3	21.15	1.1	6.0	19.5
12	9	Benchmark 20p	10	.....	0.75	–	10.0	–
251	195	Brown Shipley £1	251	+1	‡12.0	2.2	‡	8.1
464	384	Cater Allen £1	461	.....	F24.5	–	7.1	–
44	36	Chancery	36	.....	‡9.0	2.7	‡	1.4
£18⅝	£15	Commerzbk DM10	£18¼	–⅜	Q18%	–	3.4	–
£231¼	£191¼	Deutsche Bk DM50	£213¼	+2¼	Q28%	–	2.2	–
£9¾	£7⅛	Dai Ichi KBk Y50	£9¾	+⅛	Q17%	6.2	0.3	46.7
£18½	£16¼	Espirito Santo	£18	–¼	Q75c	5.1	2.3	8.4
213	152	First Nat. Fin. 10p	208	+2	13.0	1.2	8.3	Q24.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
63	58	Do. 7pcPf. £1 y	63	..	4.9%		10.4	–
180	148	Sovereign Oil α	152½	...	–	–	–	–
34	27½	Teredo Petroleum 10p α	28	...	–	–	–	–
£120	£115	Texaco 8pc Cnv.	£115	...	Q8%	–	7.0	–
£72¾	£57	Total-Cie Fr Pet B	£70⅝	–⅛	Q30%	3.2	4.4	7.1
11½	11½	Tournesol Expln	11½	..	–	–	–	–
10½	6½	Trident Pet.	10	..	–	–	–	–
113	84	Triton Europe 5p β	111	+2	Zs1.0	–	1.3	–
13	10	Tullow Oil 10p y	12	..	–	–	–	–
14½	9	Tuskar Res Ir 5p y	11½	..				–
1½	1	Utd. Energy 1p α	1¼	....	–	–	–	–
0¾	0½	Do. Warrants β	0½	..	–	–	–	–
358	291	Ultramar α	331	+8	10.5	◆	4.2	◆
4	2½	Victoria Pet.	3	...	–	–	–	–
132	102	Woodside A50c	131	–1	Q5c	◆	1.6	◆
7	5½	XCL Sunrise α	5½	..	–	–	–	–

PLANTATIONS

Rubbers, Palm Oil

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
56	55	Anglo-East Plants. β	56	...	‡2.0	0.9	‡
79	79	Berlam 10p	79	..	2.2	1.8	3.7
49	34	Cons Plants M$0.5	46	...	†Q9.2c	1.0	4.2
44	34	Golden Hope Pits M$1.	37xd	..	sQ9c	1.1	4.6
62	52	Highlands M50c	62		Q20c	0.9	6.5
95	69	Kuala Kepong M$1	91	.....	Q15c	0.4	3.3
35	30	Lendu Hldgs 5p	35	...	0.7	1.1	2.7
61	56	Rowe Evans Inv 10p β	56	–1	2.0	1.1	4.8

Teas

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	130	Moran 10p	140	..	1.0	–	1.0
1275	1200	Williamson £1	1225	..	a33.3	2.1	3.7

MINES

Central Rand

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
354	166	Durban Deep R1	174	–2	–	–	–
270	146	East Rand Prp. R1	146	–2	–	–	–
250	160	Randfont'n Est 20c	160	–2	‡Q100c	2.6	‡
28	23	Simmer & Jack 2c	26	..	–	–	–
150	90	West Rand R1	92	..	Q70c	1.1	15.5

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● "Tap Stock"
^ Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
✧ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
†† Not officially listed.
‖ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue, cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
♣ Not comparable
♠ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend: cover on earnings updated by latest interim statement
† Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
x Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Craig & Rose £1 β	650	..	
Finlay Pkg. 5p β	31	..	
Holt (Jos) 25p β	1684	...	

IRISH

Cap 8½% Ln. 1991	£99¾	...
9pc Cap Ln 1996	£97¾	+¼
Fin. 13% 97/02	£114½	...
Arnotts	175	.
Carrol (P.J.)	154	...
Helton Hldgs. y	42	–10
IRG	155	–5
United Drug.	170	...

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	88
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl.	36
Sears	8½
SmKl Beecham A	38
TI	45
TSB	12
Tesco	23
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	60
Vickers	19
Wellcome	48

Property	
Brit Land	30
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils	
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines	
Lonrho	21
RTZ	48

FINANCIAL TIMES
Weekend April 6/April 7 1991

State companies encouraged to raise cash from sale of minority stakes

France relaxes privatisation policy

By William Dawkins in Paris

FRANCE IS to open the way for further partial privatisations making it easier for financially hard-pressed state companies to raise capital and find private industrial partners.

The move relaxes president François Mitterrand's freeze on privatisations and nationalisations, although officials insist that the policy is still intact.

The change is also a political victory for Mr Michel Rocard, the prime minister, who has been urging Socialist party purists to accept partial privatisation.

He is supported by Mr Pierre Bérégovoy, finance minister, who is keen to encourage more state-owned companies to raise cash privately in order to reduce the burden on his budget, which is heading for at least a FFr80.6bn (£8.1bn) deficit this year.

Domestic or foreign private companies can from now take minority stakes in French state-controlled businesses if they make a clear industrial, commercial or financial co-operation accord and the state keeps a majority of the capital, says a government decree published yesterday.

The investment must also accompany an issue of new equity by the French state company reserved for the partners, says the decree. "We don't want to make money out of this. We just want to support our public companies," said a senior government official.

The move aims to open the

Credit Lyonnais close to link with Commerzbank ....Page 10

way for more state-owned businesses to follow the example of the Renault car group last year, when it was permitted to issue up to 25 per cent of its shares to Volvo of Sweden as part of an industrial accord and capital raising exercise.

The first state-controlled company to use the reform looks likely to be the bank Crédit Lyonnais, which yesterday confirmed that talks on a share exchange deal with Commerzbank, the German commercial bank, were nearing a conclusion.

The trigger for the decree was the financial crisis at Groupe Bull, the state-controlled computer maker, which has just been allocated a FFr4bn state rescue package.

The government wants to reduce further such demands on its budget and Bull is also understood to be seeking a way for NEC, the Japanese electronics company – owner of a 15 per cent stake in Bull's overseas subsidiary – to take a stake in its holding company.

As majority shareholder, the government will still have the right of veto and will decide on projects "case by case", said an official, adding that there were as yet no specific plans for partial sell-offs.

This reform does not permit new stock market flotations of state-controlled companies, nor does it change the 25 per cent limit on the amount of non-voting shares that quoted state-controlled companies are allowed to issue, said senior officials. Around a dozen state-controlled companies are quoted on the Paris stock exchange.

State-owned Usinor Sacilor, the world's second-largest steelmaker, welcomed the move as "a further sign that the state is ready to let us behave like a normal company". Other state-owned groups were considering their response.

The French government has formally notified the European Commission of its proposals to inject fresh capital into Bull, Commission officials confirmed yesterday, writes Andrew Hill in Brussels.

Occidental North Sea assets in $1bn auction

By Deborah Hargreaves and David Thomas

A SECRET AUCTION is under way for the North Sea assets of Occidental, the UK arm of the indebted US company, which could result in a sale worth over $1bn (£562m) – the biggest asset sale in the North Sea for two years.

Elf Aquitaine, French oil and chemicals group, Enterprise Oil, UK exploration company, and Arco, US oil operator, are understood to be in the bidding. Elf is believed to have had its latest bid, which values the assets at $1.1bn, turned down just before Easter.

Occidental Petroleum, the US parent company, announced its intention of selling assets earlier this year when it said it would reduce its $8bn debt to $3bn. The company has not officially put its North Sea interests on the block, but said at the time there would be no "sacred cows".

The company expanded rapidly under its previous chairman, the flamboyant Mr Armand Hammer who died in January. But it is now believed to consider its North Sea interests as non-core assets.

It has had to spend some £550m to re-develop its Piper Alpha platform since the explosion three years ago which killed 167 men.

Occidental, which refused to comment on its plans, may be unwilling to announce its readiness to sell its North Sea holdings because of the weakness in the oil assets market.

North Sea assets are notoriously difficult to value, but Occidental is believed to be holding out for $1.3bn to $1.4bn, based on similar deals which were done several years ago.

Occidental holds a balanced portfolio that would fit well with the current holdings of several oil groups. It is the operator of the Claymore field which is a mature area judged to have further potential.

Occidental has a 23.4 per cent stake in Claymore, which it operates with an overall production of 70,000 barrels of oil a day. The company holds interests in 8 producing fields with its own current production rate of 27,000 b/d set to rise steadily over the next 5 years as newer fields come on stream.

Baker to return to Middle East for peace talks

By Peter Riddell, US Editor, in Washington

MR James Baker, the US secretary of state, will next week return to the Middle East to explore the scope for taking forward Arab/Israeli peace initiatives.

The State Department yesterday confirmed that he would visit Israel on Tuesday and go on to Egypt and unspecified other countries later in the week before returning to Washington next Friday.

Mr Baker visited several countries in the region in the middle of last month when he secured general agreement on a dual track approach, focusing both on seeking improvements in Arab/Israeli relations and on the Palestinian question. Since then US officials have had contacts with King Hussein of Jordan.

President George Bush has asked Mr Baker to return to "see if we can bring the parties closer together", according to the State Department, and to take advantage of the window of opportunity that it believes exists. US officials yesterday sought to play down expectations and stressed that Mr Baker believed it would be a step-by-step process.

The US has been floating ideas for mutual confidence-building measures between Israel and Arab states, as well as the possibility of some form of preliminary conference chaired by the US and the Soviet Union and involving states in the region.

The outcome of Mr Baker's visit will influence the timing of President Bush's visit to the area. This was originally intended to be towards the end of this month, but now looks likely to be later.

In Israel Mr Baker is expected to raise reports of the creation of additional settlements in the occupied territories, to which the US is strongly opposed. The State Department said the US viewed such activity as an obstacle to peace efforts.

Officials stressed that the trip had nothing directly to do with the Iraqi civil war and the flood of refugees out of the country. The State Department said that a senior official had been sent to Geneva for emergency meetings with the United Nations relief agencies.

The Bush administration is reviewing options for further assistance to the international humanitarian aid effort and also considering what diplomatic and economic steps might be taken to convince the Iraqi government to cease its "repressive measures that are causing the refugee flow".

James Baker: aims to bring the sides closer together

ADT price falls on earnings fears

By Richard Gourlay

SHARES in ADT fell a further 15 per cent yesterday as concern grew about the quality of the Bermuda-based security system and car auction group's earnings following allegations in a New York court of boardroom fraud.

The price slide triggered renewed concern that ADT faces potential refinancing problems similar to those confronting UK companies such as Next, Cookson Group and Saatchi and Saatchi. Since the end of last week, ADT has lost 25 per cent of its value.

The latest fall ended a week of suit and threatened counter-suit in which ADT's largest shareholder, Laidlaw of Canada, alleged directors had for several years manipulated the share price through fabrication of profits.

Mr Mark Shepperd of stockbroker UBS Phillips & Drew said the weakening price renewed concerns about $400m (£226m) of ADT convertible preference shares.

The company, then called Hawley Group, issued them in 1987 when it bought ADT, the US security systems operator which later gave its name to the enlarged group.

The bond carries a "put" option allowing holders to demand repayment in cash in 1994 at a 38 per cent premium above the conversion price of 191p.

Mr Michael Ashcroft, ADT's secretive chairman, said earlier this year that the group considered the conversion date to be far enough away not to be of concern. No provisions against profits had been made in connection with the $324m nominal value of preference shares still outstanding.

Next, the clothing retailer, and Cookson, the industrial materials group, have similar securities convertible at prices above prevailing market levels. Next has made provisions.

Saatchi and Saatchi, the advertising agency which was among the first companies to issue convertible preference shares with put options, was brought close to bankruptcy largely by fears it would not be able to finance the "put" option.

ADT has substantial investments including stakes in Christies International, the auctioneers, and Lep, the security company, which it could liquidate.

Mr Ashcroft and ADT directors have denied the allegations made by Laidlaw in the New York District Court on Monday and say they are to sue for defamation in the UK.

But the allegations of misleading disclosures and "rigged" asset sales from ADT to controlled affiliates spread gloom in the markets. Analysts said traders were starting to worry about the profitability of the core operating businesses.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
AG Ind & Verk	815	+	40
Bayer-Hypo	377.8	+	10.8
Brown Boveri	1000	+	95
Preussag	333	+	15.6
Sud Chemie	630	+	25
Falls			
Porsche	890	–	10
NEW YORK ($)			
Rises			
Agouron Pharm	15½	+	5¼
CBS	168¼	+	2⅞
Immunex	57	+	1¾
Pioneer Fin	9	+	1
Falls			
First Exec	11/32	–	3/32
NCR	97	–	¼
New York prices as at 12.30pm.			
LONDON (Pence)			
Rises			
Britannic	844	+	42
Dewsongroup	39	+	6
Fisons	497	+	15
Kingfisher	484	+	11
Micro Focus	1513	+	85
Pifco A	307	+	42
Psion	79	+	7
Racal Elect	242	+	13
Racal Telecom	410	+	33
Saatchi	20¼	+	1¼

PARIS (FFrs)			
Rises			
Accor	825	+	9
Bouygues	614	+	15
Geophysique	718	+	17
Falls			
Cetelem	648	–	13
Essilor Int	371.3	–	18.7
Paribas	463.5	–	17.5
TOKYO (Yen)			
Rises			
Kagetsuenkanko	1570	+	170
Kumiai Chem	930	+	95
Taihei Dengyo	1940	+	200
Falls			
Nitto Seimo	1850	–	300
Showa Rubber	456	–	29
Toyo Bosulfu	1060	–	60
Tate & Lyle	374	+	13
WPP	207	+	18
Yorks Chems	434	+	17
Falls			
ADT	70	–	12
Aerospace Eng	48	–	7
Conder	40	–	6
Cook (DC)	21	–	3
Cooper Clarke	26	–	7
Cronite	12*	–	13½
Gardner (DC)	104	–	25

* Price at suspension Story: Page 8

China and Britain closer to deal on Hong Kong airport

By John Elliott in Peking

CHINA AND Britain yesterday paved the way for a deal on the construction of Hong Kong's proposed HK$100bn (£7.4bn) airport after Mr Douglas Hurd told senior Peking officials he was willing to make an important concession to them on the level of the colony's reserves.

This emerged last night following a day of tough talking, during which China is said to have agreed to the UK foreign secretary's request that work should be speeded up on detailed arrangements for its resumption of sovereignty over Hong Kong in 1997.

Senior leaders including Li Peng, prime minister, and Jiang Zemin, Communist party general secretary, indicated yesterday that China wanted increased consultations on Hong Kong before 1997, but was not seeking control or a right of veto. Li also said China wanted the airport built and would co-operate.

This appears to have persuaded Mr Hurd to abandon Hong Kong's stance that China should not force it into a joint understanding on the use of the colony's financial reserves for building the airport.

At a reception for British businessmen last night, Mr Hurd said the question of China's political control was "fading as an issue for me".

He felt it was "not unreasonable" to give assurances on reserve levels because that issue concerned the stability of Hong Kong, not political control. Mr Hurd's explanation for these remarks may be spelt out at a news conference today.

He said the talks had been "hard work" but "reasonable progress" had been made. On the information available, however, it appeared last night that China had won another victory in negotiations with the UK over Hong Kong.

WORLDWIDE WEATHER

UK today: rain will spread from Northern Ireland, west Wales and south-west England to most parts, followed by broken cloud and blustery showers. Winds will become strong in all areas with gales in parts of the south and west. Outlook: blustery showers on Sunday but drier and brighter on Monday.

		°C	°F
Ajaccio	C	13	55
Algiers	F	15	59
Amsterdam	R	8	46
Athens	S	16	61
Bahrain	R	25	77
Barcelona	S	15	59
Belfast	F	8	46
Belgrade	F	19	66
Berlin	F	14	57
Biarritz	C	8	46
Birmingham	C	10	50
Blackpool	C	8	46
Bombay	T	25	77
Bordeaux	T	7	45
Boulogne	F	11	52
Bristol	R	8	46
Brussels	C	8	46
Buenos Aires		–	–
Budapest	S	16	61
Cairo	S	22	72
Cape Town	S	25	78
Cardiff	R	9	48
Chicago †	S	8	46
Cologne	F	13	55
Copenhagen	F	8	46
Corfu	S	17	63
Dallas †	F	14	57
Dublin	C	9	48
Dubrovnik	F	14	57
Edinburgh	F	10	50
Faro	F	16	61
Florence	R	12	54
Frankfurt	C	11	52
Geneva	C	8	46
Gibraltar	F	17	63
Glasgow	R	8	46
Guernsey	C	10	50
Helsinki	C	10	50
Hong Kong	C	20	68
Innsbruck	R	11	52
Inverness	F	10	50
Isle of Man	C	7	45
Istanbul	F	13	55
Jersey	C	10	50
Johannesburg	S	25	77
Las Palmas	C	18	64
Leeds	C	10	50
Lisbon	F	15	59
Locarno	S	12	54
London	C	10	50
Los Angeles †	S	16	61
Luxembourg	F	9	48
Madeira	C	17	63
Madrid	F	12	54
Majorca	F	15	59
Malaga	F	17	63
Malta	C	19	66
Manchester	C	8	46
Melbourne	C	17	63
Mexico City	–	–	–
Miami †	F	24	75
Milan	C	10	50
Montreal †	R	7	45
Moscow	F	11	52
Munich	C	8	46
Nairobi	F	24	75
Naples	C	13	55
Nassau		–	–
Newcastle	C	8	46
New Delhi	S	31	88
New York †	F	9	48
Nice	R	8	46
Nicosia	S	18	64
Oporto	C	13	55
Oslo	C	6	43
Paris	C	10	50
Peking	S	20	68
Perth	S	31	88
Prague	F	12	54
Reykjavik	S	-1	30
Rhodes	S	17	63
Rio de Janeiro		–	–
Rome	R	14	57
Salzburg	C	9	48
S'Francisco †	F	11	52
Santiago	–	–	–
Seoul	S	15	59
Singapore	S	31	88
Stockholm	F	9	48
Strasbourg	F	12	54
Sydney	F	22	72
Tangier	F	16	61
Tel Aviv	C	18	64
Tenerife	C	19	66
Tokyo	S	17	63
Toronto †	Dr	6	43
Tunis	C	14	57
Valencia	S	17	63
Venice	Dr	13	55
Vienna	S	18	64
Warsaw	S	17	63
Washington †	R	14	57
Wellington	S	19	66
Zurich	F	9	48

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

London braves the heights

The remarkable strength of the London equity market is becoming slightly unsettling. The FT-SE has hit new highs three days in a row, despite the fact that Wall Street has meanwhile fallen slightly. It was perhaps significant that despite a further 20-point rise in the FT-SE yesterday, one third of its constituents either fell or were unchanged. At the end of the British tax year, a sense of fatigue is creeping in.

It seems a good time to look at the longer perspective. The broader FT-All Share index yesterday came within 6 points of its 1987 all-time high of 1,238.5. As the chart shows, in nominal terms this represents little more than a levelling out of a continuous bull market dating back to 1975. Adjusted for inflation, the picture looks rather different. In real terms, after the horrendous collapse of 1973-74, the market went sideways until 1982, when it rose steeply again until 1987. There was then another much less severe correction, since when the market has gone sideways again. Yesterday's close on the All-Share was in real terms nearly 30 per cent below the peak of 1987 and 20 per cent below that of 1972.

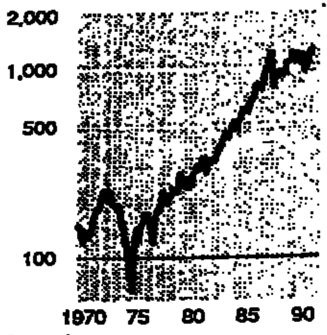
The obvious question is why the experience of the mid-1980s should be repeated. As Phillips & Drew points out, the UK corporate sector's trading profits as a proportion of GNP rose to unsustainable heights during that period, peaking at 14.7 per cent in 1988. Real dividend growth reached equally unsustainable levels of 14 per cent in 1987 and 13 per cent in 1988. In 1990, by contrast, real dividend growth may have been slightly negative for the first time since 1981. There may well be a further slight fall in real terms this year.

The bullish reply to this is that the market has by now wholly discounted 1991 and is priced in relation to the recovery of 1992. That is fair enough; and indeed, the prospect of inflation in low double figures by that time makes a real rise in equities that much easier to achieve. There are two snags here. First, the fall in corporate profits in this recession is not remotely as severe as in the last, so it is not obvious why the profits recovery should be as sharp. Second, it remains to be seen whether inflation can be kept in low single figures without the corporate sector suffering an ERM-induced squeeze on margins.

It does not follow from this that the equity market is seriously under threat: not, at least, if the recent rally quietens down. But the FT-SE has now risen 24 per cent since the Gulf war started on January 17. To match the return from cash by the year end, the market would have to rise by a further 6 per cent or so. Plainly, that is not impossible. Prudent investors might start to think of hedging their bets just the same.

FT-SE Index: 2,545.3 (+20.8)

FT-A All-Share Index



Source: Datastream

France

Even in polite socialist circles these days, it is a bit old hat to be hostile to privatisation. The reason for the French government's partial about-turn on the issue, however, looks typically pragmatic. Following President Mitterrand's election commitment of 1988 (*ni privatisation, ni nationalisation*), the burden of supporting state-owned enterprises has imposed a growing strain on public finances. The Ffr6bn package for Bull and Thomson stirred controversy this week because of the likely clash it will inspire between Paris and Brussels. From Mr Bérégovoy's point of view, though, the cash injection serves to make more difficult the already ambitious task of meeting this year's target for the budget deficit – Ffr81bn, or 1.2 per cent of GDP.

Last year's Renault-Volvo deal was the first indication of a new flexibility in official thinking. But there have been other quasi-privatisations to get round the rules restricting private participation in the state-owned sector to 25 per cent. Pechiney, for example, recently floated off its international interests to raise new money, while the insurance group AGF was involved in a convoluted assets-for-shares swap to give itself extra room for manoeuvre.

The question for the stock market is how much further the government will go. Following yesterday's decree, the likes of Rhône Poulenc and Usinor Sacilor will be able to raise new capital by inviting domestic or foreign partners to take up to 49 per cent of their shares. But it appears from the wording that public flotations will still not be allowed above the old limit. Given the number of rights issues in the pipeline, that may come as a relief to those hoping the recent surge in prices can be sustained through the year.

Crédit Lyonnais

The share swap announced yesterday between Crédit Lyonnais and Commerzbank was first mooted in 1987, when French politics rather inconveniently got in the way. Four years later, the commercial logic for the deal is apparently less altered than the political background. But the real significance probably lies in the changes in French state ownership described above.

Crédit Lyonnais gets some fresh capital to support its aggressive expansion programme. Although it will not have an independent presence in Germany, it gains reliable long-term access to the growing demand for credit from the east. As a piece of strategic positioning, this seems fair enough. Indeed, it seems rather more sensible than the bank's recent move into an Irish leasing company.

The benefits to Commerzbank are less clear-cut. Apart from fulfilling the personal ambition of its retiring chairman, the deal perhaps gives it an additional protection against takeover. But this comes at a time when the bank looks about as strong as it ever has. It will shortly reveal the best annual results of Germany's big three. It will be alone in raising its dividend, vindicating its decision to restrain its cost-base by pursuing organic growth in eastern Germany.

Cross-border links between European banks looking nervously towards 1992 have been 10-a-penny. None has been as demonstrably successful as Europartners, the 20-year-old group which includes Crédit Lyonnais and Commerzbank. In fact, few can yet be said to have been successful at all. Ten years hence, the number of banks with genuine European muscle will be much smaller than the sum of today's pretenders. With a few exceptions, share swaps are only postponing the logic of rationalisation.

Weekend FT

SECTION II

Weekend April 6/April 7 1991

France, spring, style . . . le feeling

*The travel business is flickering to life once more, after the battering caused by war and recession. To celebrate, **Nicholas Woodsworth** has toured France. In Paris he grappled with the meaning of style and with the sexiness of the spring fashion collections. Then he sped south — in search of a simpler kind of life in raw Provence*

PARIS IN the spring. Walking in warm sunshine, I find myself repeating the phrase with some contentment. Anywhere else, it is not much of a phrase: they are the tired words of a holiday brochure. But something happens to them if you are actually in Paris in the spring – they carry a meaning. Strolling along the Boulevard Saint Michel, I have to admit that the fellow who put the four words together was on to something. But what?

Above my head, new leaves have emerged on the trees that line the boulevard, and hang pale green and translucent. Beneath them, all Paris moves through warm, light-infused air. Lovers stroll along the broad sidewalk arm in arm. Shoppers drift between *boutique* windows, gazing at shelves of rich pastries, lavish collections of perfumes, daring displays of silk and lace. Businessmen walk by, debonair in well-cut suits and tortoiseshell-framed glasses.

As I walk I pass crowded, sunny outdoor terraces: bars where students from the Sorbonne drink beer and engage in those serious, animated discussions only students have; cafés where carefully dressed residents from apartments overhead fussily take the air and small cups of coffee; bistros where waiters in white shirts and black smocks serve wealthy patrons, mustachioes bristling.

I walk past other things that make this city like no other. I stroll by the *belle epoque* wrought-iron of the Metro entrances. Past kiosks. Through thinning clouds of pungent smoke left by strolling Gauloise smokers. Over intersections where frantic traffic darts forward under the direction of policemen in white hats and gloves. Finally, I stroll along the quays of the Seine at the bottom of the boulevard, where against the milky-blue spring sky I see the spires and buttresses of Notre Dame.

Like many visitors wandering in springtime reverie about the Latin Quarter, Montmartre or along the Seine, I am unable to put my finger on the city's identity, to say what holds its elements together. If the character of Paris is unmistakable, it is also difficult to define. What is it, I wonder as I head back to my hotel, that makes Paris *Paris*?

At the Plaza Athénée I get no answers, but lots more Parisian character to mull over. This is one of the city's grand hotels, an establishment loved by Marlene Deitrich in her day and a place that continues to draw celebrities. In the Dietrich style I lie in decadent splendour in a hot bath and gaze at the gold flake on the high ceiling, hoping to find an answer to my question. Nothing happens.

In the Plaza's *Le Règence*, the Louis XIV restaurant where the waiters are more elegantly dressed than the diners, I eat truffle salad and lobster soufflé. There is not so much as a whisper from either of them as to the essential nature of Paris. But as I sit with cheese and claret and watch diners at their meals, the *mâitre d'* at the door, the violinist at his Mozart, the wine waiter at his bottles, a little light begins to break.

I have pulled many corks from wine bottles, but never in the way the *Régence sommelier*, Pierre Rabbia, does. Suddenly I feel as if I have been yanking horseshoes. The way he sniffs a cork makes me wonder what I have been doing all my life. My bottle glugs; Pierre's decants. I dish out wine; this *sommelier* offers it as a precious gift. The difference between us can be summed up in one word: *style*. Diners, waiters, musicians may be doing very different things, but they are all doing them with the same grand style.

A little later, in the Plaza's lobby, I meet Charles Kraffe de Laubarede, dressed in the best-cut of suits and most elegant of tortoiseshell glasses. He assures me I am on the right track. For 20 years de Laubarede has been involved in the Paris fashion industry – a business, if ever there was one, that concerns itself with style.

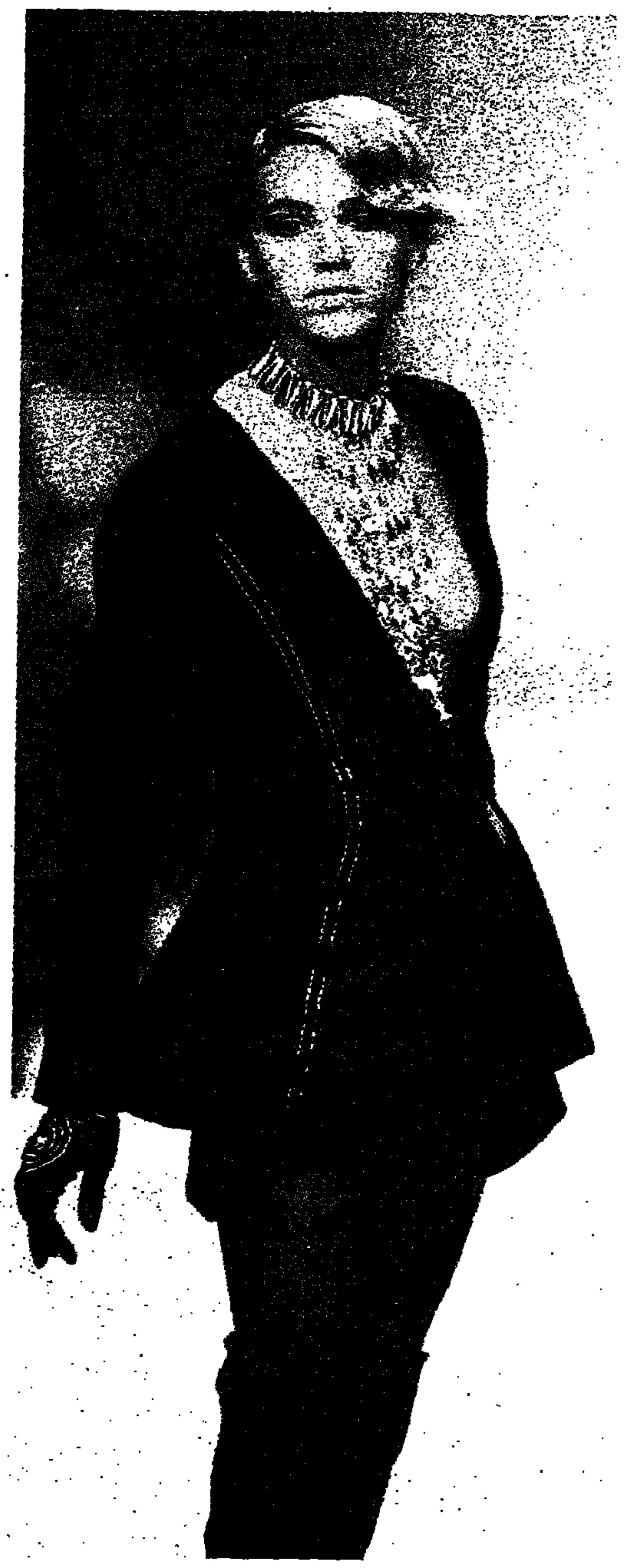
"Absolument," he agrees. *"L'esprit Parisien, c'est le style, c'est le savoir-faire, c'est* le feeling." Le feeling? I am relieved to find that not only visitors but Parisians themselves have some difficulty finding the exact words to describe the Parisian spirit.

"Don't bother yourself in Paris so much with *why* somebody is doing something," de Laubarede tells me. "Look instead at *how* they are doing it. Style here is everything, a synthesis of life in Paris – its culture, its painting, literature, habits."

I am, de Laubarede tells me, very lucky to be in Paris at the moment. If I really want to see the ultimate expression of Parisian style, why don't I attend the spring fashion shows at the Louvre? French designers, he tells me, are not the best *createurs*, nor are French women the best dressers – those honours must go to the Italians. But Paris remains the global fashion capital, largely because both Parisian designers and women are overflowing with *le feeling*.

And so I spend the next few days in the elegant Cour Carrée – the Square Court – of the Louvre. Here, Yves Saint Laurent, Chanel, Christian Dior, Karl Lagerfeld and a score of other Parisian houses of *haute couture* are showing the world what it should be wearing this autumn and winter. I am not so concerned with whether hemlines are rising or falling (they are, in fact, going to be at their most chic somewhere around the knee), but I am curious to see that long insouciant walk down the most celebrated runway in the world.

Over the next few days I develop a sense for *le feeling Parisien*. From morning to evening I watch exotic collections of striking young women showing off jackets, skirts, cocktail dresses, evening gowns and their own bodies. There are trouser suits that cost the price of a small car, fur coats that cost the price of a very large car. There are accessories and articles of clothing that no woman in her right mind would wear in public. But it isn't what you wear that gets the raves, it's how you wear it.



Like most spectators, I am fascinated as much by the models as by what they wear. I am surprised by how unnecessary conventional beauty is to the model's trade. The models we all notice are not the ones who would win a small town beauty contest; they are those with presence, though legs to the armpits undoubtedly help.

It is not only the models, however, who are masters of style in the Cour Carrée. *Le tout Paris* is there, and *le tout Paris* is all style. There are the designers themselves, commercial buyers from around the world, wealthy guests of the design houses, individual patrons for whom an afternoon of *haute couture* shopping is a form of entertainment. And there is the fashion industry press, 2,000 strong, who make their living by showing some people what other people wear.

Ultimately, the Paris collections are really about much more than clothes. They are, in the true sense of the word, a show, a spectacle of the sophisticated style and manners of the French capital. At their conclusion, I leave the Cour Carrée filled to brimming with *le feeling*, and wander out into what I now know to be simply a somewhat larger show, Paris in the spring.

SIX YEARS ago I broke a tooth while eating a salade Niçoise beside the archbishop's palace in Aix-en-Provence. In Aix's outdoor restaurants, with fountains, flower markets and the whole of the town's sunny life before me, olive pits were not high on my list of preoccupations. The Niçoise olives used in these salads are delicious, but tiny; they can hide under any innocent-looking bit of lettuce and have pits as hard as stone. Not only did I miss the opera being performed in the palace that evening, I lost the tooth.

Afterwards I stuck to festivals and avoided olives. Until recently, that is. Recently I took some time and a small car through the back roads of Provence, and managed to get happily acquainted with olives once again.

One can overdo festivals and the life of the dilettante in elegant summer-time Provence. I love spending time at outdoor restaurants, fêtes, performances, events. And this is a land made to please the physical senses; it is a place of bright colours, fragrances, piquant tastes. Nowhere are the warm days sunnier or the starry nights balmier. Nowhere are more château courtyards, Roman amphitheatres and popes' palaces given over every summer to cultural extravaganzas.

But there can be too much of a good thing. Travel around Provence in the summer months and you might begin to feel it is drowning in a surfeit of mondaine elegance, sophistication and culture.

Along the Mediterranean coast in Nice, American jazz musicians play to Japanese Charlie Parker enthusiasts. In Cannes, half of Hollywood shows up for the film festival. In Aix there is opera, in Avignon theatre, in Arles photography, in Salon salsa. Sometime last year, between La Roque d'Antheron's piano festival and Dieulefit's festival of postcards and old paper, I decided I wanted a rougher, rawer Provence.

Such a Provence still exists; it is just a little bit harder to find. On the far side of Mont Ventoux, on Provence's northern borders, there is a good deal left of an older and simpler kind of life. Mont Ventoux is, by Provençal standards, a large mountain. It is tall enough to be capped with snow in the winter and rugged enough in summer to be considered one of the major hurdles on the Tour de France cycle race. Sprawling in an east-west direction some 30kms from the left bank of the Rhône river, it obstructs northward travel and roughly defines the upper limits of historical Provence.

Head south from here and you move through progressivey more developed and populated countryside until you reach the summer madness of the Mediterranean. Head north and you enter a rougher, more inhospitable land where villages are fewer and poorer, farms smaller and rockier. Here, you get the feeling, man is still subordinate to nature. Mont Ventoux is the limit of festival-land; it stands on the edge of a thin strip of Provence that today remains elemental and relatively undeveloped.

The olive town of Nyons lies about 40 minutes into this rougher terrain. Pushing my little Peugeot over the lower flanks of Mount Ventoux, I follow twisting country roads along narrow valley floors and dried-up watercourses. The steep hills above are empty. Houseless, roadless, they are solidly covered with scrub oak and dark-green *garrigue*, spiky, aromatic Mediterranean vegetation that is tough enough to stand the heat and long rainless months of summer.

But as I approach Nyons, the valleys widen out a bit and the hillsides show the effort of centuries of painstaking labour: up their steep sides climb rank upon rank of stone-built terraces where life has been coaxed from poor, flinty soil. There are long rows of vines, still not in leaf, cherry trees decked out in white bloom and almond trees covered with bright pink blossom.

What I notice most, though, are the olive trees. Growing on terraces covered with smooth carpets of fresh spring grass, their gnarled roots and rough trunks bear branches in full leaf. In most places where they grow in the Middle East and the Mediterranean, olive trees not only keep their leaves throughout the seasons; they also keep the old culture and traditions they have spawned.

Does the same apply in high-tech, modern-day France? The antecedents are there; when Caesar was putting up the Provençal amphitheatres so beloved by tourists today, olive trees imported by the Phoenecians had already been growing here for 1,000 years. Nyons, a town made by olives, seems a good place to ask the question.

However, what imbues the air of the Nyons agricultural co-operative as I step in is not tradition but a highly concentrated odour of olive oil. Although the olive presses in this vast, cool building have not crushed an olive since the harvest in January, the co-op houses vast vats of golden oil and huge

■ Turn to Page XIV and XV: French travel special.
■ French food and wine: Page VII

Old myths and unchanging perceptions

The Long View

BARRY RILEY

Amid the wreckage of broken trends and destroyed myths in the financial markets the reputation of the DM also needs to be resolutely defended

PERCEPTION has become a favourite word among journalists, perhaps because of its ambiguous undertones: perception may be contaminated by deception.

In the financial markets this is a particular problem at a time of changing trends and fallen idols. Nowhere is this more true than in the case of Germany, for so long the epitome of financial strength and virtue. Interest rates did not in the event go up in Germany this week, but the strains are severe. Broad money has grown by 20 per cent over the past year, implying a serious overallowance for the effective contribution of the East to national income. The combination of domestic overheating with recession overseas is reflected in the stock market's dreary behaviour: while buoyant British and American share prices are hitting all-time peaks the German stock market is bumping along nearly 20 per cent below its high point of last year.

Industrial excellence, financial prudence and a ruthless hostility to inflation have been the perceived strengths; and splendid achievements they have been (so long as you have not had to live there and suffer restrictions such as shops closing on Saturday afternoons). Only politics, or still worse nationalism, could spoil the image.

That certain other perceptions elsewhere in the international markets should prove to be flawed is not so surprising. There has, for instance, been the myth of French industrial strength. During the late '80s France began to be outward-looking, for instance by cultivating the international capital markets. It started cautiously privatising its enormous state-owned sector, and suddenly French companies appeared as the major clients of the cross-border mergers and acquisitions houses, building up international groupings in finance, electronics and food.

The inadequacy of many of these fragile empires has become clear. The French motor industry has long relied on protection and subsidy, and FFr4bn is to be pumped into Groupe Bull, the computer manufacturer, and another FFr2bn into Thomson which is one of the flag carriers for Europe's ailing high definition TV initiative.

Perceptions of the dollar are also in a state of flux. Any currency that has trended downwards for nearly six years is bound to lull many market participants into a state of something less than alertness. In the past couple of months, however, many corporate treasurers have relearnt some lessons about risk.

The Americans may consume too much and pay too little tax, and they may eventually decide to make the rest of the world pay for still more of their excesses by inflating away their external debts. But the political and military strengths of the world's only remaining superpower also count for a great deal. At a time when many other parts of the world (not least Germany) are liable to be overrun by refugees the dollar still has its attractions.

Then there was the perception of the iron control of the Japanese financial markets by the authorities. Share prices in Tokyo might have reached silly levels by late 1989, but it was thought Japan had abolished bear markets.

That myth was demolished in 1990, when the Topix Index had tumbled by 47 per cent at one stage. Of course, the explanation could still be constructed in terms of one part of Japan Inc gaining sway over another – the Bank of Tokyo winning a round against the Ministry of Finance. Still, downside risk returned to Japanese equities.

Now there is the problem of Germany. Serious economists are calculating that French inflation, at around 2.5 per cent for much of the next 18 months, will be less than that in Germany after a crossover in July when German indirect taxes go up: the gap could be more than a percentage point. If you believe not-so-serious economists, like Norman Lamont's Treasury team, even the British inflation rate on one definition could nip under Germany's at times.

Germany is on the edge of a balance of payments deficit, for the first time in 10 years. Its fiscal deficit is heading for DM150bn or more, approaching 6 per cent of gross domestic product, a position from which it can scarcely lecture the Americans (deficit only 4 per cent of GDP) or anybody else about economic prudence.

Karl Otto Pöhl, head of the Bundesbank, has notoriously complained about the "disaster" of monetary union with East Germany. In modern economic terms one of the main functions of a national border is that it reconciles workers on each side to differences in pay rates. Abolish the border and the common passport holders expect common incomes regardless of their productivity; there cannot be two grades of citizenship. There are lessons here for the European Community as a whole as the internal borders fade away, including a step change at the beginning of 1993.

Fighting inflation is not a steady process but can involve some set piece battles, when the idea is to teach the supporters of the enemy a lesson. In the mid-70s, for instance, the Germans encouraged the DM to appreciate in spite of the squeals of their manufacturers, while countries like Britain took the option of devaluing their way out of the oil shock. Again, between 1985 and 1987 the Bundesbank held the line even though the dollar was collapsing and Germany was regarded as the leading exponent of Eurosclerosis (at the time Nigel Lawson was devaluing again, on this occasion paradoxically because the oil price had turned weak).

It is time for the Germans to make another stand. The complication is that the shocks are coming from inside. But chancellor Helmut Kohl may have overreached himself in rushing reunification with East Germany through regardless of the cost, and in becoming the Donald Trump of the territorial acquisition business he could find himself in the hands of his banker.

At any rate, after the recent tax increases, that is one perception that remains widely held.

CONTENTS

LONDON MARKETS

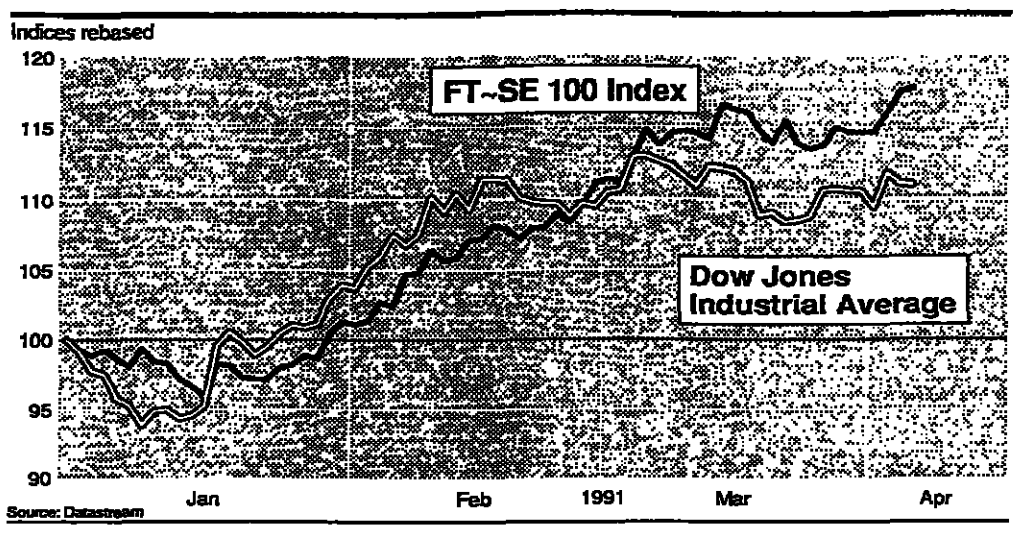
Something that did turn up

LIKE MR MICAWBER, the stock market loves to look on the bright side.

Anyone seeking proof of its naturally sunny disposition need search no further that its euphoric behaviour since dealers got back to work after the Easter break.

Yesterday, the FT-SE 100 Index of leading companies closed at a record high for the third day in succession, hitting 2545.3 having sped through 2,500 to finish 88 higher at the end of the four-day week.

That means that this year's rise has now taken it comfortably beyond territory last seen at the start of 1990 – before the market plunged into the recessionary gloom which it now seems determined to forget.



Source: Datastream

But unlike Mr Micawber, who was always hoping that something would turn up, the market has been able to find some good reasons for its cheerfulness.

To begin with, London was hardly alone among international markets in starting the week in buoyant form. Along with other European bourses, it took its cue from Wall Street which enjoyed a sharp rise on Monday.

But London's strength was not simply a slavish response to the bigger market. It found grounds for encouragement at home too, in the shape of Tuesday's release a Confederation of British Industry survey.

In truth, this did not make wholly cheerful reading. Company profits, it said, would fall by 15 per cent this year, and business confidence remained at an extremely low ebb.

However, it also predicted that the economy would start to recover by the second half, while headline inflation fell to 4.1 per cent and base rates reached 11 per cent by the end of the year. This indication that the government's anti-inflation medicine may be working was just what the market wanted to hear.

Meanwhile, currency trends continued to provide support. There was some anxiety that the Bundesbank at its Thursday meeting might raise German interest rates, shoring up the weak D-Mark and undermining sterling's recent strength within the European Monetary System.

In the event, these worries proved unfounded, leaving expectations that the pound's strength would make room for further UK interest rate cuts intact.

The US provided further reinforcement of such hopes on Friday afternoon. US data for March showed unemployment had increased at a rate higher than most people had forecast, underpinning the scope for rate cuts on both sides of the Atlantic.

With these encouragements, and the fact that the 1990 reporting season, now well-advanced, has yet to deliver any really nasty shocks, one can see why the market is happy.

Nor have the share price gains been achieved on negligible volumes. Yesterday, volume was about 600m and had been higher earlier in the week.

Admittedly, though, this appears to have taken in a substantial proportion of trades between market makers and, where UK investors have been involved, some of their dealing is thought to have been tax-related ahead of the tax year-end.

It has to said, however, that after this week's unexpectedly steep rise, investors are bound to start wondering how long the bull run can last. So far, it has confounded the predictions of equity strategists at the start of the year.

With the All-Share, the wider index, now standing on a prospective p/e for 1991 of about 13, it is getting hard to argue that UK shares offer outstandingly good value. Sooner or later, dealers will start getting nervous about being caught out by the correction, rather than the rally.

In the meantime, however, companies will be continuing to make hay while the sun shines, taking the opportunity to milk shareholders for funds via rights issues. After a frantic flurry of such calls before Easter, a further three hit the market this week.

The first, which came on Wednesday, was from USM-quoted Wiltshire Brewery which called for £1.44m via a 4-for-5 issue at 32p per share.

Though the call was a gnat compared with Bass' elephantine £556m issue the previous week, it was likewise related to Government moves to shake up the brewing industry. Most of the proceeds are earmarked for the purchase of 12 pubs from Bass, which has been told to release tied houses.

Thursday saw a reappearance in the market of building and property groups, who have tapped shareholders for a total of £650m in rights issues so far this year. Considering how sharply their share prices have recovered, and how badly bashed up their sector became during the recession, that is hardly surprising.

Costain, the construction, mining and engineering group, showed it was one of the hardest hit when it launched its £77m two-for-seven issue.

Effectively, the rights marked a belated call on shareholders to pay for Pyro, the US coal mining company, for which it paid £121m in 1989. Ever since that purchase it has been dogged by high gearing – around 100 per cent before the rights.

As its 1990 results showed, purchases of housebuilding land at the top of the market have not helped it either. A £25m write-down for last year meant it has £45m worth of provisions for land over the last two years.

Meanwhile Ibstock Johnsen, the building materials and forestry group, asked for a £44m 1-for-4 issue. This was also accompanied by gloomy results which showed pre-tax profits 51 per cent down at £30m.

However, Ibstock also indicated it was looking forward to the recovery: it wants to spend part of the proceeds on beefing up its UK facilities while the domestic brick market is still falling.

A steadier and duller corner of the market, the food retailing sector, was drawn into the limelight after Tesco came out with a pleasing 28 per cent rise in pre-tax profits, excluding property gains, to £417m. That benefited shares in Sainsbury and Argyll too.

Clare Pearson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2545.3	+88.8	2545.3	2054.8	Optimism on UK recovery
ADT	70	-24	121	64	Litigation with 29% stakeholder
British Gas	257	+19	261	216	Regulatory worries
British Telecom	365	+25	365	268	County buy note/switching from C&W
Friendly Hotels	305	+50	312	195	Good figures & comment
Inchcape	344	+38	348	226	Brokers upgrade after annual results
Lloyds Bank	370	+34	379	268	Hoare Govett buy recommendation
Micro Focus	1513	+190	1513	711	US buying/ADR stake over 20%
Racal Elect	242	+28	242½	165	Takeover speculation
Robertson	90	+24	98	54	Possible 100p a share bid
Saatchi & Saatchi	20¼	+4¼	31	15½	Rump of rights issue placed
Smith (WH) A	394	+31	394	318	Brokers upgrade/book dscnts planned
SmithKline Bchm A	798	+41	804	589	Broking house recommendation
Sotheby's	800	-75	875	538	Profits warning
Tesco	290	+26	291	217	Good figures

SERIOUS MONEY

Was Billy the Kid an insurance salesman?

By Philip Coggan, Personal Finance Editor

COWBOYS have been getting a bad press recently. Gone are the days when they were simply men in white hats who drank milk and had a horse as a best friend. Nowadays, Oscar-winning films take sides with the Indians and regulatory bodies vie to eliminate cowboys from their ranks.

The latest body to blacken the name of Roy Rogers is the Securities and Investments Board, the Wyatt Earp of the financial services industry.

SIB published a leaflet "How to Spot the Investment Cowboys"* this week which contained plenty of useful advice for investors. Much of it may seem common sense, but that is one quality than can suddenly desert those faced with the arcane world of finance.

First of all, you should check that the adviser is authorised, either by SIB or one of its "siblings" such as Fimbra (the addresses are in the leaflet). He may instead be an appointed representative of an authorised body, the name of which he should reveal on his notepaper or business cards. Only if an adviser is authorised, will you be covered by the Investors Compensation Scheme.

It is very important that you should check whether the adviser is authorised to hold clients' money. Only a limited number of advisers are allowed to do so. Even then, you should make your cheque out directly to the company from which you are buying the product (for example, the unit trust group), unless there are very good reasons not to do so.

SIB also cautions you to be wary if:

■ Your adviser offers a rate of return for investments which seems higher than anyone else's. If it seems too good to be true, it probably is.

■ He invites you to put money into a special scheme run by him, which he cannot explain in detail, is not supported by documentation and which you have never heard of.

■ He advises you to cash in all your investments and give the money to him to invest. This may amount to "churning" and could well cause you to lose out on long term policies such as life assurance.

■ Your prospective adviser has an expensive lifestyle which seems out of scale with his business.

■ He advises you to put all your money in one investment. You should spread your risk so if one investment loses money, you are not left high and dry.

■ The investment is one which must be taken advantage of immediately. It may just be that he wants you to part with your money without proper consideration.

■ He is plausible and charming and everything sounds wonderful, but you are not quite sure exactly what will happen to your money. Ask for the full information on paper and time to think about things.

> 'Having been wary, you should continue to be so even when you have parted with your money'

■ Your adviser offers a high "guaranteed" rate of return. A guarantee is only as good as the person who gives it and the compensation scheme does not pay out on guarantees.

■ Someone rings you or sends investment literature from overseas. If it is a telephone call, the SIB says to check whether the firm is authorised before parting with your money. (I would go further and say that, under no circumstances should you part with money merely on a phone call.) With written material, check for UK authorisation. Otherwise you may lose the protection of UK law.

Having been wary, you should continue to be so when you have parted with your money. Make sure you get a receipt and that it comes from an authorised body in which you have invested, such as a life assurance company. If not, check immediately with the company concerned.

You should also receive regular reports, on paper, as to how your investments are doing. Again, be wary if you do not hear anything, or if your adviser keeps asking you to switch from one product to another. Every time you do so, you will incur charges.

Sib makes a further point which may surprise some investors – be wary if your investments are doing very well, when stock markets or the economy is doing badly. Many investors have in the past been caught by so-called Ponzi schemes, in which high returns are paid to the initial investors only by using the money sucked in from later investors. Such scams cannot continue for long.

All this excellent advice from the SIB, without charge, is a notable exception to the normal investment rule that "there's no such thing as a free lunch." And judging by another report this week, from Mintel, there are plenty of people who need good advice.

The research showed that despite £424m of financial advertising in 1990, the majority of the population still does not know what it is buying. Much advertising was either too expert, or overly simplified.

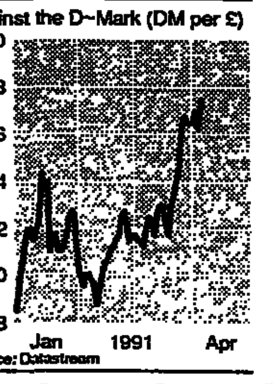
In choosing a product, 70 per cent of people went for a well known company, with reputation, size and ease of access being other important factors. Only 10 per cent said they were influenced by the advice of an independent adviser.

One can hardly blame people for feeling that, in the world of financial services, they are as alone as Gary Cooper in *High Noon*. Perhaps historians will one day find that Billy the Kid was really a life assurance salesmen drumming up business.

***How to Spot the Investment Cowboys is available free (one copy only) from the Public information Office, Securities and Investments Board, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA.**

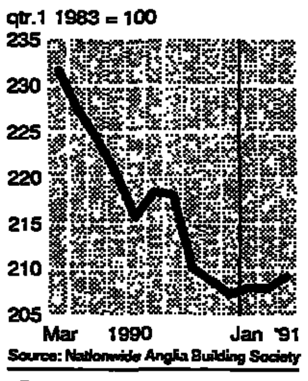
AT A GLANCE

Sterling



Source: Datastream

UK house price index



Source: Nationwide Anglia Building Society

Housing market optimism

Confidence that the housing market is at last staging a recovery was boosted by the latest Nationwide Anglia monthly house price index. According to the Nationwide, house prices increased by 0.7 per cent last month, suggesting that demand for property has bottomed out.

The average price of a house in March was £58,053, compared to a peak in the same month last year of £64,320. High mortgage rates were blamed for this 9.7 per cent drop in prices over the year. Nationwide is forecasting a 5 per cent rise in prices for the rest of this year, provided further base rate cuts are made. *John Authers*

D-Mark makes up some of its losses

The Deutschmark this week made up some of its losses against other currencies over the last two months. Speculation that interest rates would rise after the Bundesbank's central council on Thursday meeting helped to underpin the currency. However, sterling rose against the D-mark when German interest rates were left unchanged. Following the news on Thursday, sterling rose a pfennig to 2.9740 – a full three pfennigs higher than a fortnight earlier.

The D-mark had fallen almost 20 per cent against the US dollar since mid-February, from record highs of DM1.4450 to DM1.72 at the end of last week. On Thursday, the dollar gained 1.30 pfennigs to DM1.6760 after the interest rate announcement. *J.A.*

Unit trust sales disclosure

Only three of the ten biggest unit trust companies – M & G and Henderson – make the majority of their sales via independent financial advisers, according to research for the Unit Trust Industry Review and Directory, which is published next week. The figures suggest that most consumers do not regard unit trusts as distinct products. Substantial sales are made as part of life assurance policies – 98 per cent of Standard Life's business, and a lot of them via institutions – 69 per cent at Schroders.

Four companies – M&G, Fidelity, Save & Prosper, and TSB – sell 10 per cent or more of their trusts from direct response to advertisements, without the use of intermediaries.

Unit Trust Industry Review & Directory 1991, Professional and Business Information, Munro House, 14 St Cross St, London EC1N 8YY. £250 (£220 if payment enclosed with order). J.A.

Beale Dobie's call to investors

If an investor is considering cashing-in his conventional with-profit endowment contract, then Beale Dobie would like to hear from him. This company is a trader in these policies and is finding that demand for secondhand life policies is outstripping supply. Beale Dobie buys policies direct from investors or through their advisers, paying on average some 12 per cent more than the surrender value quoted by the life company, and offers them to other investors. Interested investors should contact Beale Dobie, 3 The Friars, Friars Lane, Maldon, Essex CM9 6AG. Tel:0621-851133. *Eric Short*

Smaller Companies Index rises

Small companies enjoyed a good week, while the UK stock market rose to new heights. The County Smaller Companies Index rose by 6.3 per cent from 1004.9 to 1011.2 between Thursday March 28 and April 4. Hoare Govett's Smaller Companies Index (Capital Gains version) rose by 8.6 per cent – from 1180.03 to 1190.12 – over the same period. *P.C.*

Scottish electricity phone line

Some people have had difficulty getting through to the information line for the Scottish electricity float – 041-414-1414. You can write direct to the: Scottish Electricity Share Information Office, PO Box 1001, Glasgow G73 1YY.

WALL STREET

Job worries bemuse brokers

UNEMPLOYMENT was on everyone's mind on Wall Street this week. In an industry that has been shedding jobs like baseball teams shed unwanted players after Spring training, this should come as no surprise.

Yet for once, it was other people's jobs that the brokers and dealers were worrying about, not their own. From Monday to Thursday night the stock market could think of little else but the approaching March unemployment figures.

Shares rode a vicious switchback all week, the Dow dropped 32 points on Monday, surging 63 on Tuesday, fell 18 Wednesday, before ending flat on Thursday as the market attempted to anticipate the implications of a bad employment number.

One day share prices were down because bad job figures would be proof that the recession is nowhere near over, the next day shares were up because bad job figures would push the Federal Reserve into cutting interest rates again.

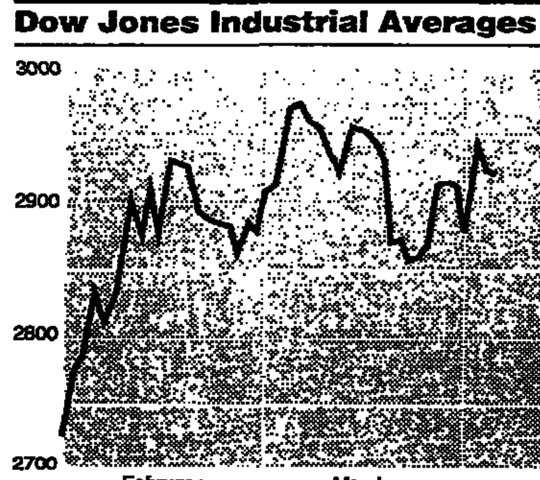
When the news came out yesterday there was an inevitable sense of anti-climax, accompanied by some confusion. The headline total, a drop in March non-farm employment of 206,000, was at the top end of expectations, as was the rise in the civilian unemployment rate from 6.5 per cent to 6.8 per cent.

The figures carried a nasty sting in the tail: a big revision of the February data. Non-farm employment did not drop 184,000 in February as originally reported, but 291,000. Given that share prices took a dive when the original estimate was published, yesterday's revision should have put the wind up the market.

At first glance, the figures appeared to confirm many people's worst expectations; the economy, as measured by unemployment at least, is still in a deep recession. The initial reaction of bond and stock markets was positive. The long bond was up half a point and shares over 10 points better in early trading yesterday, but as midday approached shares turned on their heels and headed south.

By 11.30am the Dow was 15 points lower, yet bonds remained firm, suggesting the fixed-income markets were more confident than the equity markets that the Fed would cut interest rates because of mounting unemployment.

Dow Jones Industrial Averages



Yet insiders in Washington DC have been saying all week that the Fed is by no means committed to further interest rate reductions. The resilience of inflation in the face of a slowing economy has been a source of great concern to the Fed, and a Washington newsletter reported this week that there were deep divisions among Fed governors over monetary policy.

It appears that the ranks of the anti-inflation hawks have been swelled by the disturbing rises in producer and consumer prices of recent months, and that the Fed doves who favour further easing of monetary policy are no longer in the ascendant.

In spite of the warning signs that interest rates may now have reached a plateau, the market remains in a bullish mood. A look at first quarter figures, which Wall Street has been drooling over all week, show just how broad the advances have been. The Dow climbed 10.6 per cent in the first three months of this year, a tidy improvement after the declines of 1990. The S&P 500, however, gained 13.6 per cent in the quarter, while the Nasdaq composite of over the counter stocks jumped a record 29 per cent.

Secondary stocks have fared so well because since last year many have not been trading at a premium to bigger capitalised companies, which they should do because of traditionally superior growth prospects. This has made secondary shares look cheap, and with some sectors offering particularly attractive growth potential – the health-care/medical/biotechnology sector is the best example – money has poured in via the over the counter market.

While the Nasdaq composite has powered to an all-time high, the Dow continues to flirt with its personal best, a smidgeon below 3,000. Although the index stubbornly refuses to rewrite the record books, Wall Street is still betting on a breaking through the magical 3,000 mark soon. But analysts have been saying this seemingly for months, so no one is holding their breath.

The AT&T/NCR saga dragged on this week. Charles Exley, the NCR chairman, met with Robert Allen, his counterpart at AT&T, on Thursday and afterwards repeated his refusal to countenance an offer for NCR below $110 a share.

AT&T replied that it would not pay $110, but would continue to talk. Its own offer of $100 is still on the table and negotiations will continue. Judging by the NCR share prices, which slipped back to nearly $97 this week, the market is tiring of the whole affair and is not confident that AT&T will get what it wants.

Monday	2881.19	– 32.67
Tuesday	2945.05	+ 63.86
Wednesday	2926.73	– 18.32
Thursday	2924.50	– 2.23
Friday		

Patrick Harverson

THE BOTTOM LINE

An expanding company that's no paper tiger

WIGGINS TEAPE Appleton, the paper company, has had a hectic year.

Formerly part of the BAT Industries conglomerate, WTA was unbundled from its parent company – following the onslaught from Sir James Goldsmith – and joined the FTSE-100 index last June with a market value of around £1bn.

The company's management, bolstered by the arrival of Stephen Walls, the former managing director of Plessey, immediately realised that to survive in a market of industrial giants it had to expand in order to achieve the economies of scales that its competitors enjoyed.


Stephen Walls

Within six months of flotation, WTA had engineered a clever merger deal with Arjomari-Prioux, the leading French paper group, which made it the third largest paper company in Europe and the biggest to be based within the European Community.

This week WTA presented its first set of annual results as a separately-listed public company. (The figures did not reflect the Arjomari merger, which was only completed at the year-end, but the company did include a pro-forma profit and loss account which is shown separately in the table.)

Although annual pre-tax profits fell by 9 per cent to £158.2m, WTA's performance still compared favourably with its big US and Scandinavian competitors which had seen their profits savaged by falling pulp prices, industrial over-capacity and the general slowdown in global economic activity.

Wiggins Teape Appleton

Consolidated profit and loss account

	1990 (£m)	1989 (£m)
Turnover	2599.6	2423.8
Pre-tax profit	259.6	262.6
Earnings per share (p)	21.5	21.3

Figures are pro forma

WTA's 5 per cent decline in net income looked a robust performance when set against an average fall of 32 per cent by a sample of 25 US paper companies and a 29 per cent fall in profits presented the week before by Stora, Europe's largest paper company.

All paper companies have been suffering from weak pulp prices resulting from a slowdown in economic activity across the globe and industrial over-capacity.

Eucalyptus pulp prices in the fourth quarter of 1990 were 38 per cent below those of a year earlier.

This affects those companies clustered at the commodity end of the paper market far more than those in the more specialist areas.

And WTA has been fortunate that its overall exposure to the pulp price fluctuations has been limited and that it has been sheltered from the worst ravages of the market.

The merger with Arjomari-Prioux, the leading French paper company, has further moved the combined company away from the commodity end of the market.

The combined company's great strengths lie in the manufacture and distribution of specialist high value-added papers, which are not so fiercely dependent on price.

At its results meeting, WTA was wary of calling the turn in the pulp cycle but suggested that prices might pick up later this year.

But irrespective of overall market conditions, the company still expects to derive significant benefits from realising the synergies of the merger with Arjomari.

Although some of WTA's shareholders had misgivings about the financial implications of the merger – it involved a swap of assets for shares leaving Worms et Cie, the French financial group with an indirect holding of 40 per cent – few doubted its industrial wisdom.


Cob Stenham, WTA chairman

Both in geographical and product terms, the industrial logic of merging the two groups was clear.

WTA's strong presence in the US and the UK and its market leadership in carbonless and thermal papers complemented Arjomari's firm hold of the industrial and technical paper markets in continental Europe. Both companies could cross-sell each others' products and enter markets that neither of them could have competed in alone.

WTA says it still has an immense amount of work to do before it can reap the full benefits of the link-up with Arjomari. But the early indications seem to be that the merger is progressing well.

Ms Angela Bawtree, a paper industry analyst at Warburg Securities, believes the benefits will take some time to feed through to the bottom line and is forecasting only a slight improvement in pre-tax profits to £265m this year for the combined company.

But she suggests the shares still look good value on a long-term basis. "The paper and packaging sector is seen as a cyclical sector and investors are now looking to buy solid cyclical plays. WTA is a good company with a strong balance sheet even though earnings may not grow much this year," she says.

John Thornhill

FINANCE & THE FAMILY

Will the surge in inherited wealth help create a classless society, or just bring back the bourgeoisie? **John Authers** investigates

Top-hole handout for tomorrow's big spenders

"It is young men like you, Bertie, who make the person with the future of the race at heart despair. Cursed with too much money, you fritter away in idle selfishness a life which might have been made useful, helpful and profitable . . . You are simply an anti-social animal, a drone." (The Inimitable Jeeves by P G Wodehouse).

STAND BY for the return of the drones.

Surveys show that inherited wealth has reached record levels and will continue rising towards the end of the decade. Mintel, for example, estimates that the total value of individuals' estates after inheritance tax virtually doubled during the 1980s.

Total wealth passed directly from one generation to another in 1990-91 was £8.1bn, according to Mintel, a figure projected to rise to £13bn by the year 2000. The social and financial impact could be profound.

The reasons are clear – inheritances have never been taxed more leniently, while the sharp rise in property values, coupled with the growth of home ownership, has created more individual wealth.

This year's Budget, contrary to many expectations, did nothing to tighten inheritance taxation – you can now leave £140,000 (up from £128,000) before any tax is payable.

The average housing inheritance, according to NOP, is only £26,584. Plainly, most people find that their legacies are free from tax.

The Bank of England and mortgage lenders have made it clear that the easy money which helped to fuel the property price boom of the mid-1980s is gone for good. The restriction of mortgage interest tax relief in the Budget should also help to choke off another property boom.

But in the first years of the next century inherited wealth is likely to increase rapidly, when the beneficiaries of "right to buy", and of the early 1970s property boom, begin to bequeath their homes.

The social consequences are another matter. One school of thought is that the wealth being handed on by middle and working-class families could be a pillar of the "classless society" which John Major, the prime minister, has promised. It echoes Anthony Eden's concept of the "property-owning democracy". Thatcherite Tories, such as Nigel Lawson, who talked in 1987 enthused about creating a "nation of inheritors" have pressed this line of argument.

However, in the past, inherited wealth often exacerbated social inequality. The Old Tory view was expressed with typical force by Peregrine Worsthorne, editor of the *Sunday Telegraph*'s Comment section.

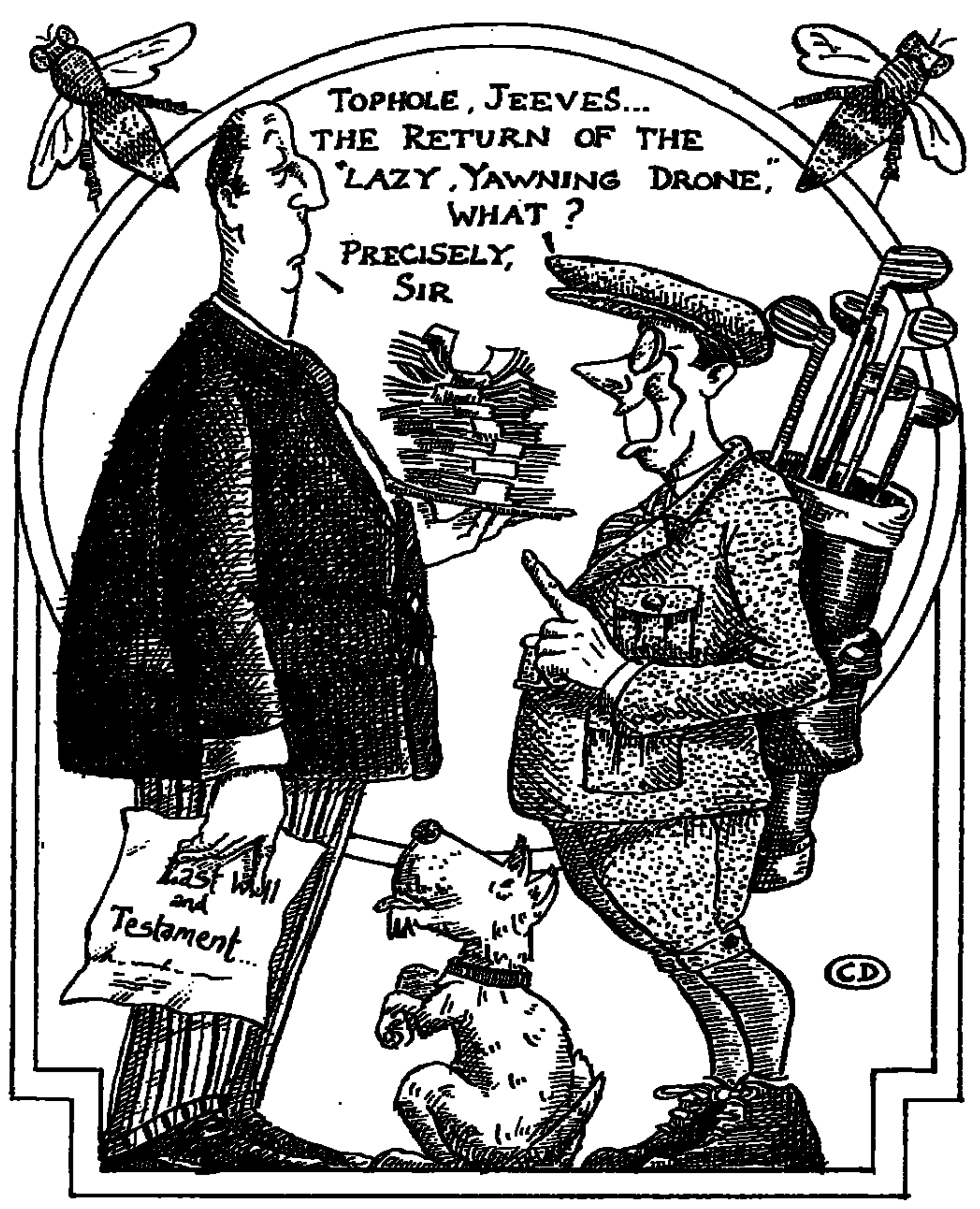
He wrote: "Hundreds of thousands of middle-class families are going to be able to leave their children loads of money, if only in the form of one (or in many cases two) houses. What we are about to see is the return of a rentier class . . which can take a certain amount of economic security for granted . . The tide of egalitarianism which has been sweeping all before it for 100 years, is about to be decisively reversed."

The snag is that people will have to wait a while – unlike Bertie Wooster and the drones – before they get their income. Most people inherit money between the ages of 45 and 54, just when they find they are less in need of it. It becomes a pure "windfall".

Unless those with money to leave make a careful plan to transfer wealth to their heirs during their lifetimes, the money is likely to be received at the wrong time, in an inconvenient form (property) and, in the case of those with substantial assets, to be significantly eroded by IHT.

According to Mintel, 20 per cent of Britons inherit money between the mid forties and fifties, and 9 per cent are left a house or flat. An NOP survey shows that 67 per cent of all property inheritors are aged 40 or over, when most will have a house and may be well on the way to repaying their mortgages.

An NOP survey, published as part of *Safe As Houses*, a report on housing inheritance written by Chris Hamnett and others, sheds light on the impact all this will have on society. According to NOP, 88 per cent of properties are inherited by people who already own their own homes – 7 per cent go to private tenants and 5 per cent to rented tenants. This indicates that inheritance is unlikely to spread the "property-owning democracy" very far.



Worsthorne's triumphalist Old Tory assessment receives much more support than the reformist Tory ideas of Lawson and Thatcher - members of classes A and B (professional and managerial) are four times as likely as people from classes D and E (semi- and un-skilled workers and the unemployed) to inherit a house.

On this evidence, admittedly wide open to sampling errors, the typical inheritor is an upper-class, well-to-do home-owner from south-east England. If inheritance continues, we are likely to see more middle-aged rentiers as they reach their prime – and also a deepening of the social divisions which the Thatcherites wanted to help eradicate by freeing tenants from council landlords.

There is also the prospect of an "under-class", excluded from property inheritance. According to Michael Harmer, research officer for Tai Cymru/Housing for Wales and one of the authors of *Safe As Houses*, there could be a "ghettoised class" in the remaining council stock. "If John Major's classless society is to emerge, it is essential that he ensures that a higher proportion of council tenants become owner-occupiers", he said.

This could be done by increasing the discounts for buying council houses, or by expanding "rents to mortgages" schemes. Another solution, according to Harmer, would be a substantial tightening of IHT.

However, the financial services industry may be able to divert some of the force towards social inequality. Elderly people, who have paid off their mortgage, might now extract some of the equity in their houses while they are alive. The growth in sheltered housing, and greater longevity, may thus reduce the potential total of inherited wealth.

If property is bequeathed to people in middle age, its effects on the broader economy could be drastic.

NOP's survey suggests property inheritance could inject more heat into the economy. Only 27 per cent of inheritors use most of the money to buy further property, while 49 per cent re-invest most of it and 24 per cent use it for consumption, NOP found.

Scottish Amicable's Mori survey asked whether people would use a £30,000 windfall to repay a mortgage. Only 13 per cent said they would put it all towards a mortgage, while 42 per cent would not use any of it to do so.

Lenient taxation of bequests may benefit many people. But there is some evidence that this could lead to a surge in spending and a more divided society.

■ *Safe As Houses - Housing Inheritance in Britain, by Chris Hamnett, Michael Harmer and Peter Williams, Paul Chapman Publishing. £14.95*

PRODUCTS

INHERITED WEALTH could have a profound effect on the financial services industry. Property packages for the elderly, inheritance tax advice and lump sum investments could all benefit.

Re-mortgaging for home improvements is one frequently-used means of releasing capital from housing. Some schemes, such as home income plans, carry risks and the best way to release equity is to trade down to a cheaper house.

Many potential beneficiaries may prefer the elderly to enjoy a higher standard of living, rather than see them struggle just to pass money on to heirs who may hardly need it.

Few people take advantage of the favourable inheritance tax (IHT) climate, as a survey by Mori for Scottish Amicable showed, but this may be because the low threshold makes action unnecessary – only 5 per cent of estates are big enough to need it, according to Mintel. However, planning becomes more relevant as people get wealthier.

Several solicitors are offering discounts for fixed sessions of inheritance tax advice, but it is a hard commodity to sell – few people like thinking about death and many just want to enjoy life to the full.

Larger companies feel it is best marketed as part of a lifetime financial planning package. Maurice Paterson, of Scottish Amicable, thinks pensions, assuring the elderly of income and allowing them to dispose of capital should be marketed more carefully. There is scope for insurance to pay for moves into nursing homes and for schemes to make gifts into trusts as an aid to IHT planning, he says.

Meanwhile, lump sum investments could be in a boom. As total inherited wealth, at £16bn, is comparable to the total amount saved per year - £24bn, according to Mintel – it must be galling for life assurance and unit trust companies that most of it goes straight into a building society.

However, the source of a lump sum makes no difference to how people choose to invest it. Rather than tailoring products for inheritors, Mintel's favoured route is to unleash this money before death via IHT planning and more sophisticated pension and insurance products.

If the industry is alive to the opportunities, it could increase the level of saving, give young people money when they need it, and improve living standards for the elderly

POINTS TO REMEMBER

TAX ON inheritance is lenient and has been described by one accountant as a "voluntary tax". Points to remember are:

■ No IHT is payable unless the estate is more than £140,000. Amounts above this level are taxed at 40 per cent. Money left to a spouse is tax-free, but in addition to to this exempt bequest, you may give £140,000 to others before tax is payable.

■ Lifetime gifts to individuals or to various trusts can be exempt from IHT, provided they are made more than seven years before death – hence planning ahead is a good move if you are wealthy and want your heirs to receive as much as possible.

■ If the donor does die within seven years of making the gift, it could lose some, or possibly all, of its exemption – hence lifetime gifts are known as "potentially exempt transfers." Tax is charged at the prevailing rate, on the value of the gift at the time it was made (unless the value has decreased, when relief can be claimed). The amount of tax payable depends on the length of time since the gift was made – the full 40 per cent could be payable on gifts made in the last three years, while much less tax (possibly none at all) is payable on six-year-old gifts.

■ You can make gifts up to £3,000 each year exempt from all IHT. You can carry forward unused exemption for one year, but you must use up all of your current year's exemption before using any exemption carried forward.

■ You can also make "small gifts" of up to £250 to any number of individuals in a year without bothering the taxman at all, or affecting your overall allowance for the year. If you gave the maximum to 12 people you would have given away £3,000, without diminishing your £3,000 annual exemption.

Full details on IHT are obtainable from the Inland Revenue's IHT 1 booklet. Stoy Hayward also provides a good practical guide to the pitfalls.

■ *Inheritance Tax (IHT 1), Capital Taxes Office, Minford House, Rockley Road, London W14 0DF. Free.*

■ *The Stoy Hayward Guide to Inheritance Tax, by Barry Stillerman, Kogan Page, 120 Pentonville Road, London N1 9JN. £8.99.*

Diary of a Private Investor/**Kevin Goldstein-Jackson**

One jump ahead of the Japanese

WATCHING THE Japanese has recently proved to be quite profitable.

In 1988, I bought shares in Daks Simpson because I liked their suits and overcoats and the staff at their Piccadilly store were always extremely helpful to "odd size" people like myself. The store also seemed popular with up-market Japanese tourists and I thought the company might be a possible takeover target. The company's accounts also looked healthy.

My Daks Simpson non-voting shares cost me 430p each. They also enabled me to obtain a shareholder's discount of 10 per cent on all the merchandise in their Piccadilly store.

Last month, I accepted the takeover offer for my Daks Simpson shares of 585.5p each from the Japanese company, Sankyo Seiko.

In 1986, I bought shares in the US entertainments conglomerate, MCA, for $48.32 each because, like millions of others (including many Japanese tourists), I had enjoyed the tour of its Universal Studios and, more important, because I thought that MCA's land holdings and its enormous catalogue of films and TV series were under-exploited. Either the company would produce dramatically-improved results or it might be taken over.

Unfortunately, I grew tired of waiting for a takeover to happen and sold the shares in 1989. I should have been more patient as Matsushita took over MCA in November, last year, paying $66 for each share, plus separate stock in the WWOR-TV subsidiary worth about another $5 per share.

I did, however, benefit from the Japanese buying of National Power and Powergen shares, which helped to push the share price to almost 40 per cent premiums within days of the privatisation flotation as Japanese investors acquired more than 8 per cent of each company.

The Japanese were said to be attracted to the dividend yield of those companies and to their stability. A Japanese takeover would be impossible.

Looking back at the companies which Japanese companies *have* taken over, one finds that solid assets and strong brand names have played an important part. So, too, has competition between rival Japanese companies.

For example, before Matsushita took over MCA, Sony had taken over Columbia Pictures. Aquascutum succumbed to the Japanese company, Renown, before Daks Simpson went to Sanyo Seiko.

Which UK company will be the next to benefit from Japanese attention? My wife, who still clings to a modest shareholding in Burton Group in order to obtain a discount at Debenhams, had hoped that Burton's directors would have sold the Harvey Nichols subsidiary to the Japanese several years ago. Perhaps the store is now too lacklustre to appeal to oriental tastes, although it still has royal warrants as drapers to the Queen Mother and "suppliers of household and fancy goods" to Prince Charles.

My wife also has a shareholding in Liberty. Following the announcement of Japanese interest in Daks Simpson, she increased her holding in Liberty and I have recently purchased some of its shares, too.

Like Daks Simpson, Liberty has a strong brand image, attracts Japanese tourists to its stores and has a trading arrangement with a Japanese company in Japan.

Last year, Liberty reported that its 52 per cent-owned Liberty Japan Co had had an "excellent year" with "both sales and profit substantially ahead of plan." The chairman said in the annual report that the company valued "the close relationship we have with our Japanese partners in this enterprise, The Seibu Department Stores Limited."

The interim statement from Liberty recorded the sad death of Arthur Stewart-Liberty, a director of the company. The annual report had listed him as being the largest shareholder in the company, owning over 3m shares.

Liberty's full-year results are expected to be published on April 25. If they are disappointing, will this encourage greater interest from the Japanese to "help" the company? If they are good, will they focus greater attention on the company, and its potential? For example, last year's report stated that the company's properties had "an open market value substantially in excess of book value" and one only has to look at the size of their Regent Street store to appreciate the possibilities.

Liberty's current price earnings ratio of more than 15 for its voting shares and over eight for the non-voting shares is quite high compared to some other companies in the stores sector. But the exit p/e for Daks Simpson was 24.4 and for Aquascutum it was around 38, so there is still a lot to hope for.

We may well be wrong and the shares could just as easily fall: but at least my wife and I believe we have invested in a quality company selling quality goods in interesting stores.

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	13.00	Yly
Cheltenham & Gloucester BS	London Share	0452 372372	Instant	£2,500	13.70	Yly
West Bromwich BS	Notice Share	021 525 7070	180 Day	£10,000	14.50	Yly
Cheshunt BS	Special 90	0992 26261	90 Day	£50,000	14.50	Yly
Skipton BS	Optimum Bond	0756 700500	1.3.93	£5,000	15.00	Yly
Bristol & West BS	Special Edition	0272 294271	30.4.92	£25,000	15.00	Yly
TESSAs (Tax Free)						
Abbey National		071 486 5555	5 Year	£1	15.00	Yly
Cambridge BS		0223 315440	5 Year	£1	15.00	Yly
Skipton BS		0756 700500	5 Year	£100	15.25	Yly
National Counties BS		0372 742211	5 Year	£3,000	15.40	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	12.00	Yly
Chelsea BS	Classic	0242 521391	Instant	£2,500	12.80	Yly
	(Postal A/c)			£25,000	13.80	Yly
American Express	Cardholder CA	0444 230230	Instant	£25,000	12.80	Mly
Northern Rock BS	Current A/c	091 285 7191	Instant	£25,000	13.00	Mly
OFFSHORE ACCOUNTS (Gross)						
Nat & Prov (Douglas)	Independent Res	0624 662828	Instant	£10,000	13.00	Yly
Alliance & Leicester	Manximum 90 Day	0624 663566	90 Day	£50,000	14.00	Yly
Bradford & Bingley	Maximiser Bond	0624 662883	31.3.92	£5,000	14.33	OM
				£25,000	14.67	OM
C & G Channel Islands	Guernsey Gold	0800 272383	Instant	£100,000	14.25	Yly
GUARANTEED INCOME BONDS (Net)						
Canada Life		0707 51122	1 Year	£50,000	9.70FN	Yly
Financial Assurance		081 367 6000	2 Year	£5,000	9.60FN	Yly
			3 Year	£5,000	9.50FN	Yly
			4 Year	£5,000	9.30FN	Yly
Consolidated Life		081 940 8343	5 Year	£2,000	9.50FN	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/c's	Post Office	1 Month	£5	12.25%	Yly
	Income Bonds 13.0 from 27.Apr	Post Office	3 Month	£2,000	13.50%	Yly
	Capital Bonds C	Post Office	5 Year	£100	11.50F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue	Post Office	5 Year	£25	8.50F	OM
	5th Index-Linked	Post Office	5 Year	£25	4.50 + Infl	OM

All rates (except Guaranteed Income Bonds) are shown Gross. All rates are variable. OM = Interest paid on maturity. N = Net Rate. B = Bond. F = Fixed Rate (All other rates are variable). Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

FINANCE & THE FAMILY

Eric Short on the insurance ombudsman's revolution

A common sense policy

THE Insurance Ombudsman, Dr Julian Farrand, is, in his quiet way, turning the UK industry upside down and making it responsible to the people it serves, the policyholders.

Evidence of the bloodless revolution taking place is contained in his report* for 1990. This highlights areas in which he is introducing realism into the way insurers handle claims and deal with the public.

First, Dr Farrand is taking the attitude that the promotional literature issued by insurers is as much a part of the contract with policyholders as the policy itself.

This is a common sense approach in that the public receive and read the promotional material before making their insurance arrangements, whereas the policy itself is received after the event.

So the public's understanding of insurance comes from the literature, not the policy.

Secondly, Dr Farrand is interpreting the wording on both literature and policy as the average intelligent layman would interpret it, and not as the claims manager would.

One complaint on a travel insurance policy related to when an aircraft had departed. In this case the aircraft took off, but was forced to return through a technical fault, taking off again 24 hours later.

The insurer argued that departure took place with the first takeoff and therefore cover for the costs of the subsequent delay did not apply.

The Ombudsman, however, took the common sense view that departure was delayed 24 hours until the second flight and that the policyholder was entitled to have his costs paid by his insurance.

The second example related to an old style single premium unit-linked life bond where the Capital Gains Tax liability is deducted from the payment on cash-in.

The promotional literature from the life company, which was not identified, stated that a "small" deduction may be made from the proceeds of the plan to cover this liability.

The complainant on cash-in had a value of £3,455 of which £427 was deducted for CGT. – 12.4 per cent. He did not regard this deduction as small, neither did Dr Farrand.

The Ombudsman investigated what people would regard as small and came up with a consensus that 5 per cent would be the limit, making his award accordingly.

Investors who are or have cashed-in such bonds and had a deduction made should check the wording in the original promotional literature, if they have kept it. They might be able to make a successful claim.

However, many companies were not so rash in their literature. And present day bonds allow for CGT liability by adjusting the bid price of units.

The next step in Dr Farrand's revolution is to stop insurers relying on exclusions to avoid paying claims. If he considers that the exclusion in the policy is unreasonable, whether in small or large print, then he will uphold the claim, unless the exclusion was fairly brought to the policyholder's attention at outset.

His report cites various examples - he regards the clause "premiums are not refundable under any circumstances" as unreasonable.

These two moves could result in insurers looking closely at their literature and policy wordings and the claims made, as well as adapting a more commonsense approach to claims.

Dr Farrand has also warned insurers that they must uphold their mistakes in dealing with policyholders, unless the policyholder knew or ought to have known that a mistake had been made. Thus, where the policy schedule showed that a benefit was paid monthly, but should have been annual, Dr Farrand has ruled that the insurer must stand by that schedule and pay the benefit monthly.

But where a premium was incorrectly typed as £25 instead of £95, he ruled that the policyholder should have realised the mistake.

He has also turned his attention to complaints from people who cannot get either life or general insurance, although it was not thought that underwriting was within his remit.

But Dr Farrand thinks that responsible insurers should not invite proposals from the public only to refuse them unreasonably, particularly if that refusal will make it difficult for the individual to get insurance elsewhere.

He believes that he can investigate whether the refusal by the insurer is based on unlawful discrimination or contravenes good practice and that the insurer should be ready to explain its decision.

Individuals who feel that they have been treated unfairly in refusing to accept their application or in loading the premiums can justifiably complain to the Ombudsman.

Although he has no power to force an insurer to accept a proposal, Dr Farrand claims that insurers have, to date, followed his recommendations.

Finally, Dr Farrand has reviewed some of the general principles adopted by his predecessor and in some cases liberalised them.

He decided that in the case of a motor accident, where, although the repair is satisfactory, the value of the car has nevertheless depreciated, the insurer must include that depreciation in settling the claim.

Motorists with an insurance claim should check whether there has been accidental depreciation and if so ensure that it is taken into account in settling the claim.

■ *The Insurance Ombudsman Annual Report 1990, from the Insurance Ombudsman Bureau, 31 Southampton Row, London WC1B 5HJ, £2.50.*

Is your card covered?

IF YOU pay for goods or services with a credit card, you are protected by the Consumer Credit Act and may be able to make a claim if the goods are faulty or the service is not provided.

But a report published this week in Which, the Consumers' Association journal, points up some of the flaws in the act which have emerged as a result of collapses such as Lowndes Queensway and the International Leisure Group.

To claim your money back on bad or faulty goods and services, you should go first to the supplier, but if he or she has gone out of business, you can turn to the card issuer, provided the purchases were each worth more than £100.

However, you should check that you are covered by the Consumer Credit Act. Gold cards, charge cards, and most debit cards, such as Switch or Connect, do not come within the act's terms. Nor do card agreements made before the Consumer Credit Act came into force. If you are in any doubt, ask yourself whether you signed a consumer credit agreement when you applied for the card.

Some banks and charge card issuers say they will pay in some cases when a customer has a good case. As for those with 20 year old credit accounts, the main credit card issuers among the big banks seem to treat them on exactly the same basis as more recent customers, even though they are not under a legal obligation to do so.

But the competition which has broken out in the credit card business in the last few years means that banks make a distinction between their responsibilities to card holders and retailers. When the retailer is somebody else's customer, they may not necessarily pay.

Several hundred holiday-goers discovered this recently when the International Leisure Group, and its subsidiary Air Europe, went bust. Barclays and Yorkshire, take the view that the money-back guarantee is provided by the bank which processes the retailer's card sales, not the bank which issues the credit cards.

So if a Barclaycard is used to make purchases from a Midland or Lloyds retailer, Barclays believes that the retailers' bank should foot the bill.

The issue first came up when Queensway stores, a Midland customer, went out of business last year. Barclays did refund its customers who were out of pocket because of the collapse, but then presented Midland with the bill. It is apparently still under discussion between the two banks.

A similar problem has arisen with ILG and Air Europe. Barclays is making discretionary payments to its cardholders. Lloyds says it will always meet valid claims from its credit and debit card customers and that, unlike other banks, its debit cards are covered by the Consumer Credit Act.

The law appears to have lagged behind changes in the market. With the main credit cards no longer being provided free, perhaps the government should consider updating the law to ensure that consumers know exactly where they stand when they use a card.

David Barchard

Levitt compensation move

THE INVESTORS Compensation Scheme this week set in motion the procedure for compensating investors in the failed Levitt Group by officially declaring the group to be in default.

It also declared the private client agency stockbroker Hersham Rowley to be in the same position.

Now investors in both companies can formally submit their claims for compensation. The scheme will be writing to all known investors within the next few weeks to establish whether they wish to make a claim.

But there is nothing lost by investors contacting the scheme first at Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA.

It is understood that there were some investors with substantial amounts invested with the Levitt Group.

The maximum compensation from the scheme is £48,000 – 100 per cent of the first £30,000 and 90 per cent of the next £20,000.

Technically, investors seeking compensation from the scheme have to sign over all their rights to a repayment on their investment from the liquidator. But the scheme guarantees that if it manages to recover more than £48,000 back from the liquidator in respect of an individual investment it will repay the balance to that investor.

By seeking compensation from the scheme, the investor gets some repayment quickly and the scheme undertakes, at no charge, the hassle of dealing with the liquidator on behalf of the investor.

The investor can lose out by claiming under the scheme.

Eric Short

A grandparent's gift

WHAT is "allowable" from a tax point of view in regard to cash gifts from grandparents to grandchildren and from parents to children? What "carry overs" can be made from one tax year to another?

Assuming that you are talking about sterling gifts, there are no CGT consequences: a gift of cash in foreign currency could produce a CGT bill for the donor.

Income arising from gifts from parents to minor (unmarried) children will be deemed to be the donor parent's income, unless it does not exceed £100 for 1991-92 (£5 for 1990-91), broadly speaking.

Provided the donor lives for at least seven years after a gift, there will be no inheritance tax liability. Gifts up to a total of £3,000 in a tax year will escape inheritance tax even if the donor dies within seven years. If no gifts were made in the previous tax year, then total gifts of up to £6,000 are protected.

If substantial gifts are contemplated, it would be prudent to have a brief talk with a solicitor, to make sure that the potential tax consequences are fully understood beforehand.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Tax relief for elderly

THE INLAND Revenue recently introduced a tax relief scheme (IR leaflet 103) allowing relief on premiums paid by or on behalf of persons aged 60 and over against insurance premiums/contracts covering medical or surgical attention.

The medical insurance societies do not accept new applications from those aged 65 or over and, if they did, the premiums for the over 75s would negate any relief from the tax benefit.

An application to the Chief Inspector IR for an extra-statutory grant against the cost of an operation in this tax year by an 85 year old who could not wait another year or two for National Health treatment was rejected because "medical bills do not fall within the scheme." The IR scheme is discriminatory against the very elderly whom it apparently claims to help.

Is there any action that can be taken to persuade the Inspector that a grant of some sort should be made in this case?

There really is no possibility of persuading the IR to bend the law so far. You could write to your MP, inviting him or her to raise the point during the discussions on the Finance Bill (which will be published on April 17), but we should be wrong to raise your hopes of getting the law changed.

Joining our account

MY WIFE and I have separate deposits in a building society which we would prefer to combine in a joint account. If we make this change will it be acceptable to the Inland Revenue for us to decide how interest income should be divided between us for tax purposes?

No, the interest will be split equally between you. Ask your tax office for the free pamphlet IR80 (Independent taxation: a guide for married couples); there is a more detailed booklet, IR83 (Independent taxation: a guide for tax practitioners).

DIRECTORS' TRANSACTIONS

IN THE US, the long-term ratio of directors' sales to purchases is two-to-one, which shows both how founders of the company are natural sellers and how directors frequently need to meet bills for divorce or tax reasons.

In the UK the ratio during the last month was 1.7 to one, so, in spite of the apparent predominance of sales in the list, selling has not reached the crescendo of 1987.

The stocks which stand out on the sell side – Radius, Global Group and Servomex – have all recovered by more than 30 per cent from their recent lows.

In the cases of Radius, the computer systems company, and Global Group, the food company, significant proportions of the directors' holdings are being sold.

The shares sold in Persimmon, the York-based housebuilder, are nil paid with the directors selling to take up the balance of their rights entitlement. Errol Cossey of Owners Abroad is selling preference shares to take up ordinary shares in a rights issue.

Regular followers of directors' transactions will have noticed that there was considerable buying activity in construction group Y J Lovell and MTM, the chemicals company, last October. Lovell shares have since risen by 85 per cent and MTM is up a more modest 40 per cent but in each case a director, previously a buyer, has seized the opportunity to take some profits.

Angus Macdonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Cattie's Holdings	30,000	22	1
CIA Group	36,500	40	1
Croda International	55,449	105	2
Dalgety	5,751	22	2
Eurotherm Int'l	75,000	193	1
Forminster	25,000	90	1
Fuller, Smith & Tur	8,451	33	2
Global Group	6,050,000	1,452	6
Goal Petroleum	15,000	14	1
Grainger Trust	15,000	27	2
Hall Engineering	30,000	34	1
Harland Simon Group	100,000	570	1
IMI	9,500	25	1
Kingfisher	134,452	606	1*
Lovell (Y.J.)	17,000	34	1
MTM	10,000	20	1
Owners Abroad (CPf)	2,500,000	2,600	1
Perkins Foods	110,000	160	1
Persimmon (nil pd)	4,504,361	1,419	7
Polar Electronics	35,000	37	1
Radius	208,950	119	6
Rockware Group	150,000	97	1*
Rowe Evans Inv Tr	50,000	29	1
Savills	200,000	113	1
Servomex	29,300	44	5
Steel, Burrill Jons	27,081	88	2
Sturge Holdings	36,500	102	1
Thorpe (F.W.)	38,226	38	3*
Wyevale Garden Ctrs	110,648	202	2
PURCHASES			
Burton Group	25,000	23	2
Psion	300,000	181	1
Steel, Burrill Jons	22,086	72	3
Warner Estates	11,000	26	1
Wolv & Dudley Brew	4,200	20	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 25-28 March 1991

Source: Directus Ltd, Edinburgh

Week Ahead

PEARSON, the publishing, banking and industrial group is expected to unveil on Monday a significant drop in pre-tax profit for the year to December 1990 compared with 1989.

Analysts are now looking for a pre-tax profit of around £230m pre-tax. At one time estimates were heading towards £300m. Pearson has been affected by the advertising recession, poor book sales and harder times for merchant banks such as Lazards. The strength of sterling has also reduced US earnings.

Pearson's recent sale of its 22.45 per cent stake in Elsevier the Dutch publisher for £313m has strengthened the balance sheet. The British company which also publishes *The Financial Times* is now capitalised at around £2bn but has only £100m debt.

Results on Monday from MB-Caradon, the conglomerate which includes building products, security printing and has CMB Packaging, the French-run packaging group, as an associate, are expected to show pre-tax profits just short of £100m. This compares with £80.1m made in the previous nine months, suggesting little in the way of real growth, which is not surprising given the difficulties in the building industry.

Smiths Industries, the aerospace, medical and industrial group, is expected to produce an interim pre-tax profit figure close to last year's £50m when it reports on Wednesday.

With half its business in the US, the comparative weakness of the dollar could knock £3m off translated profits. However, the £115m stashed in the bank last August will have provided a nice stream of interest. The question is: what will Smiths do with this war chest, especially as it faces the challenge of building up its non-military work?

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Air London Int'l	Jan	611	(433)	1.4	(1.1)
Beckman A	Dec	697	(993)	1.63	(1.63)
Cooper Fredrick	Jan	2,290	(2,310)	1.5	(1.5)
Lincat Group	Dec	376	(602)	1.8	(1.8)
Murray Ventures	Jan	1,230†	(1,300†)	3.4	(3.25)
Pentida	Dec	3,800 L	(7,100 L)	-	(-)
Pegasus	Jan	774	(1,342)	3.5	(3.5)
Rodime	Dec◆	5,640 L	(4,010 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.‡ Figures quoted in Irish pounds & pence.† Net revenue.‡ Last years figures for 9 months.◆ Figures after tax for first quarter quoted in US dollars. ‡‡ = figures for 3 months to Oct '89.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
ASD	78*	72	93	22.89	Steelhold
Do. 8% Cnv. Pf.	100*	96	93	12.03	Steelhold
Century Oils	110*	126	112	34.97	Fuchs Group
Crosby (James)	100*	98	90	10.87	Berkeley
DAKS Simpson "A"	585*	575	333	31.73	Sankyo Seiko
Do. Ord	3306*	3213	-	33.08	Sankyo Seiko
Empire Stores	125*§	130	98	49.45	Redoute Cat'gue
Hamburger Brooks	220*§	210	195	2.87	Kimball Intl.◆
Logitek	19§	19	28	3.41	Microvitec
Memec	270◆	264	262	74.61	Raab Karcher UK
Merlin Intl Props	5*	5†	5	1.37	Laire
Do. Cam. Pf.	5*	5†	5	1.50	Laire
Tootal	65*§	75	65	189.26	Coats Viyella

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 5/4/91. †At suspension. §§Shares and Cash. ◆ In cash, or loan notes payable in 5 yrs; or 230p in cash or loan notes with further 130p cash or loan notes in 1994. ◆ Already controls 71%.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Anglo Pacific	Dec	1,600 L	(631)	2.0L	(0.2)	-	(-)
Antares Group	Dec	1,450 L	(1,460 L)	-	(-)	-	(-)
Ash & Lacy	Dec	5,050	(4,920)	13.5	(13.3)	6.4	(6.4)
Assoc Fisheries	Dec	3,390	(2,070)	12.6	(10.1)	7.0	(6.0)
Baillie Tech.	Feb	246	(67 L)	1.85	(-)	1.4	(-)
Baird William	Dec	33,770	(33,290)	24.1	(24.3)	8.9	(8.4)
Bilston & Batt.	Dec	336	(565)	5.1	(8.6)	3.0	(4.75)
Boxmore Int'l	Dec	2,740	(2,310)	20.2	(16.4)	5.5	(6.4)
Brammer	Dec	11,450	(13,030)	17.5	(19.7)	13.0	(13.0)
Breedon	Jan	4,590	(4,210)	10.7	(9.66)	4.6	(4.42)
British Alcan	Dec	12,300L	(32,800)	-	(-)	-	(-)
Burford Holdings	Dec	2,650	(2,290)	1.5	(1.1)	0.85	(0.65)
Butler Cox	Dec	760	(1,320)	6.31	(18.4)	5.25	(5.25)
Caparo Industry	Dec	15,700	(14,144)	9.25	(7.71)	3.8	(3.1)
Carlisle Group	Dec	5,420 L	(397 L)	-	(-)	-	(-)
Church (Charles)	Aug	50,290L	(15,240)	-	(10.3)	-	(-)
Clarke Nickolls	Dec	7,250 L	(4,500)	-	(15.2)	0.75	(3.0)
Horace Clarkson	Dec	7,550	(8,520)	20.4	(24.1)	8.0	(7.5)
Co-op Bank	Jan	14,900L	(18,500)	-	(-)	-	(-)
Costain Group	Dec	5,500	(57,700)	12.2	(28.8)	12.3	(12.3)
Edinburgh Fund	Jan	4,160	(4,910)	15.9	(17.1)	12.0	(11.5)
Eglinton Explo.	Dec‡	155 L	(192 L)	-	(-)	-	(-)
Elys (Wimbledon)	Feb	1,120	(867)	62.3	(46.9)	16.0	(14.5)
Estates & Gen	Dec	2,770	(3,650)	0.02	(4.54)	3.75	(3.75)
Friendly Hotels	Dec	6,010	(5,040)	25.3	(21.5)	5.0	(3.35)
Garton Engineer.	Dec	1,000	(1,580)	17.1	(27.8)	7.0	(7.0)
Gibbs & Dandy	Dec	422 L	(172)	-	(2.6)	-	(2.0)
Guardian Royal	Dec	157.2mL	(159,500)	-	(12.0)	11.9	(11.5)
Hay Norman	Dec	912	(1,970)	4.04	(8.05)	1.14	(2.26)
Ibstock Johnson	Dec	30,000	(59,000)	9.1	(19.3)	6.0	(6.0)
Inchcape	Dec	174,000	(173,700)	26.1	(27.6)	11.8	(11.0)
Inishtech	Dec‡‡	6,210	(2,820)	33.3	(16.6)	5.0	(-)
Invesco MIM	Dec	19,170	(35,520)	5.5	(11.0)	6.0	(6.0)
Ipeco Holdings	Dec	3,590	(3,430)	8.74	(7.86)	3.2	(3.0)
Lec Refrigerats	Dec	907	(886)	9.89	(9.47)	14.5	(14.5)
Kingspan Group	Dec‡	3,600	(2,800)	11.7	(10.1)	2.2	(1.33)
Laporte	Dec	103,000	(107,000)	44.4	(48.1)	17.8	(16.5)
Magnolia Group	Dec	1,050	(1,000)	11.7	(10.9)	5.4	(5.4)
Molynx Holdings	Dec	1,690	(1,444)	12.5	(13.0)	3.75	(3.2)
Newey Group	Dec	1,720	(9,300)	49.4	(226)	-	(-)
Oliver Group	Dec	2,700	(3,618)	11.3	(16.9)	5.8	(5.7)
PFG Hodgson	Dec	8,080	(2,300)‡‡	-	(-)	3.6	(-)
Plasmec	Dec	318	(664)	5.0	(9.6)	3.6	(5.0)
Quarto Group	Dec	4,060	(3,890)	17.9	(17.7)	4.87	(4.87)
Scholl	Dec	14,180	(15,910)	10.9	(12.1)	6.0	(6.0)
SD-Scicon	Dec	19,800L	(3,600)	-	(-)	0.75	(0.75)
Serif Cowells	Dec	1,340	(2,340)	3.5	(9.4)	2.0	(3.5)
Tesco	Feb	417,100	(326,600)	16.6	(13.4)	5.3	(4.2)
Tilbury Group	Dec	20,000	(27,500)	70.0	(91.9)	33.0	(33.2)
T & S Stores	Dec	12,100	(6,600)	13.7	(10.5)	(5.0)	(4.0)
TT Group	Dec	10,490	(8,420)	14.0	(12.3)	5.0	(4.0)
Widney	Sept	1,620 L	(1,200 L)	-	(-)	-	(-)
Wiggins Teape	March	158,200	(173,500)	20.8	(21.9)	8.35	(-)
Wilson (Connlly)	Dec	31,070	(54,240)	11.3	(19.6)	3.74	(3.45)
Wiltshire Brewer	Sept	393 L	(-)	-	(-)	-	(-)
Woodchester Inv.	Dec	29,600	(26,400)	16.8	(15.1)	3.125	(2.5)
Worcester Group	Dec	3,550	(5,030)	9.4	(14.2)	4.0	(3.82)

RIGHTS ISSUES

Costain Group to raise £77m through a two for seven rights issue.

Hartstone Group has announced plans for a one-for-one rights issue at 158p Ibstock Johnson is to raise £44m via a 1 for 4 rights issue.

Wiltshire Brewery is to raise £1.44m via a four-for-five rights issue involving 29.8m shares.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alexandra Workwear	Tuesday	1.6	3.1	1.8
Associated Farmers	Friday	-	-	-
Billam (J)	Thursday	1.64	4.04	1.64
Bilton (Percy)	Wednesday	5.4	11.21	5.4
Blockleys	Tuesday	1.95	2.86	1.95
Bodycote International	Thursday	3.0	5.0	3.25
Boosey & Hawkes	Tuesday	3.3	9.0	4.0
Bostrom	Tuesday	2.25	3.5	2.5
Bourne End Properties	Tuesday	1.0	2.0	1.0
Brabant Resources	Wednesday	-	-	-
Britannia Group	Tuesday	1.9	3.8	1.9
Cairn Energy	Wednesday	-	-	-
Chepstow Racecourse	Monday	-	1.0	-
City Centre Restaurants	Tuesday	0.45	0.81	0.45
Crane Europe	Monday	-	-	-
Dagenham Motors	Wednesday	1.50	3.75	1.75
Dewhirst Group	Monday	0.29	0.86	0.29
Dinkie Heel	Friday	0.60	0.35	-
Erith	Tuesday	1.3	2.6	1.3
Eurotunnel	Monday	-	-	-
Fairhaven International	Tuesday	-	-	-
FBD Holdings	Wednesday†	-	1.3	1.3
F&C Pacific Investment Trust	Friday	0.5	0.9	0.55
Fitch-RS	Thursday	3.5	6.0	1.5
Fortnum & Mason	Monday	6.0	7.7	6.0
Gowrings	Monday	2.25	3.37	2.25
Haden Maclellan Holdings	Wednesday	2.5	4.5	3.0
Hampden Homecare	Thursday	0.5	1.6	0.2
Herring Son & Daw Holdings	Wednesday	2.0	3.25	3.0
Hewden Stuart	Thursday	0.75	2.0	0.82
Home Counties Newspapers	Monday	2.5	5.5	2.75
House of Lerose	Wednesday	3.0	7.3	3.0
Investment Company	Friday	0.37	0.77	0.37
ISA International	Monday	0.36	0.76	0.41
Lamont Holdings	Thursday	3.25	8.0	3.6
Lawrence (Walter)	Thursday	2.0	5.5	2.0
Malaya Group	Thursday	0.75	1.25	-
MB-Caradon	Monday	2.0	4.37	2.75
McLaughlin & Harvey	Thursday	3.25	6.75	3.25
Medeva	Thursday	-	-	-
Metsec	Monday	2.35	3.45	2.7
Micro Focus	Thursday	-	-	-
Mowlem (John) & Company	Tuesday	5.65	15.35	5.65
Next	Wednesday	2.7	2.0	0.7
North British Canadian Inv.	Monday	3.0	7.5	3.5
Nurdin & Peacock	Wednesday	1.68	2.92	1.87
Ocean Group	Wednesday	4.24	9.19	4.67
Pearson	Monday	9.0	12.5	10.75
Pittard Garnar	Thursday	1.95	4.15	0.25
Proudfoot (Alexander)	Wednesday	3.5	7.75	6.0
Queens Moat Houses	Wednesday	1.06	1.22	1.22
Richards Group	Tuesday	2.75	2.5	1.65
Riva Group	Tuesday	-	-	-
RMC Group	Wednesday	5.6	12.2	6.4
Savoy Hotel	Tuesday	-	7.0	-
Scottish Heritable Trust	Friday	3.0	4.0	1.5
Severfield-Reeve	Monday	1.0	3.0	1.0
Sherwood Computer Services	Tuesday	0.75	3.75	1.5
Sherwood Group	Wednesday	2.3	5.2	3.2
Sindall (William)	Wednesday	1.5	4.5	1.5
Stylo	Wednesday	-	9.0	-
Swallowfield	Thursday	2.2	3.4	2.2
Sykes-Pickavant Group	Monday	2.25	3.5	2.25
Thompson Clive Investments	Monday	-	2.0	-
Tudor	Tuesday	1.0	1.7	1.0
UK Land	Tuesday	-	14.5	-
United Friendly Insurance	Monday	2.45	5.75	3.5
Wace Group	Wednesday	1.75	5.75	2.25
Wembley	Friday	0.70	1.30	0.9
INTERIM DIVIDENDS				
AB Electronic Products Group	Thursday	4.0	13.6	-
Barry Wehmiller International	Thursday	2.2	4.0	-
Dowding & Mills	Thursday	0.8	1.36	-
Highland Distilleries Co.	Monday	1.2	3.6	-
Magnetic Materials	Monday	0.9	2.1	-
Shandwick	Tuesday	0.89	2.61	-
Smiths Industries	Wednesday	3.6	8.3	-
Stanhope Properties	Tuesday	-	0.1	-
TIP Europe	Wednesday	1.7	3.6	-
Wardle Storeys	Tuesday	4.0	11.0	-
Wescol Group	Tuesday	1.5	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† Figures quoted in Irish pence.

FINANCE & THE FAMILY

Stewart Fleming considers the pros and cons of the Holiday Property Bond

Want to book a place in the sun? Fine, but do your sums carefully

A HOLIDAY HOME for life sounds such a great proposition, that many people are likely to look for the catch. There are several catches to the Holiday Property Bond (HBP), although its popularity indicates that many investors have not been deterred by its complexities. Assets invested in such bonds have risen from £1.5m in 1984 to £52m last year.

The scheme's promoters, a company called Villa Owners Club, in conjunction with Isle of Man Assurance, do not like to see the bonds linked with the controversial "timeshare" business, but this is what they most resemble.

Like a timeshare investment, an HPB gives you the right to take a holiday in a property in which you have a financial interest. An HPB, however, gives you a stake in a string of 18 holiday developments in places like the UK, France and Italy. That means you do not have to depend on the vagaries of a timeshare swapping system in order to get the chance to take a holiday in a different location.

A £15,000 investment, for example, would purchase both a stake in the bond fund and the right to take every year either a two week holiday in high season in one of the scheme's most expensive sites in Tuscany or around two months holiday in the winter at a site in Dyfed, West Wales. The right to two weeks in Tenerife in July and August would require a £5,000 investment.

However, a purely investment-oriented comparison of an HPB with a unit-linked life assurance or property investment bond is unflattering. The fees which investors pay on an HPB – an initial charge of some 25 per cent plus a 5 per cent charge on every property purchased – are high. The charges mean that as little as £70 out of every £100 you invest in an HPB goes into property. That is far higher than the standard 5-6 per cent initial fee which you would have to pay for a conventional insurance-linked property bond.

Indirect ownership of the properties is through a life assurance linked investment fund, and the investor's stake is expressed in terms of units as in a unit trust. However, the promotors of the HPB reserve the right to suspend redemptions in certain circumstances.

Does the bond provide value for money? The answer to this question depends on what you expect from your investment. So far, judging from the surrender price of the units which

has risen from 80p in 1984 to 87p today the bond has provided little in the way of capital growth since it was started. Villa Owners Club argue that the bond should be seen (and is sold) primarily as a holiday scheme and secondly as a long term investment.

The key question, then, is how quickly the investor regains his initial investment in holiday cost savings. Villa Owners Club provided a comparison for four people staying in a 2 bedroom villa in the Algarve for a week in August. Currently a package holiday on those terms would cost £1584; with an HPB, the investor would pay £942 (a user charge of £147 plus the flights) for a saving of £642.

That saving should increase every year since the rent element of the package holiday would increase, presumably at the rate of inflation. But of course, the HPB investor has had to put in a lump sum, in this case £6,130, to get the right to this holiday. He has given up the right to earn interest on this money.

If one assumes that inflation rises at 5 per cent a year and gross interest rates are constant at 8 per cent, the basic rate taxpayer would have to wait 17 years, and the higher rate taxpayer 13 years, before he earned back his investment.

In that time, the properties may have gained in value, although of course the fees mean they need to rise by 40 per cent before the investor breaks even. If property prices rise at the assumed inflation rate, after 13 years, the investor should have a 38 per cent capital gain. However, the basis of this calculation is fairly favourable to the HPB since it assumes four people will visit every year. If just two people visit, the savings will be much reduced.

There is also some life assurance cover provided with the bond. The latter (see box) helps give the scheme an investment cachet, and allows the promoters the ability to sell it in the UK through a sales force.

It also allows them to offer investors something timeshare operators have found hard to provide – a commitment to allow investors to cash in their investment after two years. They will lose the amount of the charges but will gain any increase in the value of the holiday home development.

Safety of investment is a vital issue. The Holiday Property Bond's investor protection is as ingenious as it is complex. You pay your money not to Villa Owners Club (the private company controlled by the originators of the scheme, Robert Boyce and Geoffrey Baber) but to the Midland Bank Trust Corporation of the Isle of Man, a subsidiary of Midland Bank.

It is channelled through a company called the Holiday Property Bond Limited, a subsidiary of Isle of Man Assurance (an insurance company) into an investment fund which maintains the holiday properties. This and other safeguards ensure the trustees could step in and take control of the assets if the life assurance company or the fund company to run into financial problems.

Clearly, were the fund to make poor holiday property investments or if it faced a sudden surge of holidaymakers wishing to cash in their bonds, the value of an investor's stake would suffer.

A change of ownership or financial strains at the companies which are promoting the bond, could also have an adverse impact on the holiday package even though bond assets are well protected.

Some assurance as to the quality of holidays is given by a property advisory committee elected by bond holders from among their own ranks. The committee has a say in where new investments are to be made and is also given details of the new purchases for the fund.

After talking to a group of bond holders recently it was clear that for the most part they are happy with the high quality of facilities that are bought.

The bond is aimed at middle-aged, moderately well off individuals who do not want to be disturbed on holiday by gangs of small, or worse, teenage children and the holiday sites are selected accordingly. Investors also seem to accept the 25 per cent initial fee deducted from their investment.

They justify the fees by arguing that the overall costs are lower than in many timeshare schemes. Promotion, while expensive, benefits existing holders since it brings in new investors and enables the fund to develop more holiday sites.

Independent accountants Touche Ross were called in by the promoters to report to IOM Assurance and the trustees on the promotional and property maintenance costs of the bond. Their report concluded, among other things, that a committee should be set up to establish policies on such issues now that the fund has become so big.

There certainly needs to be continued monitoring of the fund to keep a tight rein on costs and to safeguard investors' interests.

If you are in the scheme's target market and like the idea of owning a stake in the places where you take a holiday, you could consider the HPB. But do your sums very carefully; as we have already shown, the savings take a long time to come through.

WHAT IS A HOLIDAY BOND?

A Holiday Property Bond gives you the right, in return for a lump sum investment, to a holiday in one of a number of properties for the rest of your life. In any given year, you can choose between a small number of weeks in an exotic location, or a greater number of weeks in a less glamorous resort.

The main benefit of the bond is the rent saving that it brings, although you must pay a user fee which varies between locations. Other costs such as your flight, your food and drink, have to be paid as normal.

You also have an investment interest in the value of the properties, and the bond is structured like a unit trust so you can cash it in at any time after two years. However, the size of the fees involved mean that it may take a long time for you to break even, let alone make a profit.

As a consequence, you should only invest in the bond if you are sure that you, or your family, will want to use the resorts for a long period ahead. Only if you do, will the rent savings start to repay the capital invested, not to mention the loss in potential interest you would have earned.

There is also an element of life assurance in the bond, which decreases depending on the age of the owner. If you die aged 34, you will get the unit value of your investment, plus 160 per cent of what you originally paid. At age 75, however, you will get, in addition to the unit value, only 0.5 per cent of what you originally paid.

Debbie Harrison reports on a phone-in fee-based service

New 'pension poacher' cuts commissions

A LOW-COST fee-based service, launched this week, offers consumers who buy a personal pension a complete refund of commission.

The refund, worth between £800 and £1,000 on a typical £100 per month regular premium plan, is available through Discount Pensions, a freephone pensions service, which charges £199 per product. The service is also available for free-standing additional voluntary contribution plans, executive pensions, and small insured group schemes.

Discount Pensions is part of Campbell Financial Services (CFS), a member of the Financial Intermediaries Managers and Brokers Association (Fimbra).

The service is simple to use. CFS has a freephone number. Callers are put through to one of CFS's authorised advisers, who explains the charges, asks some questions and recommends a product if the caller has nothing specific in mind. The company charges £10 per quotation, but this is refunded against a completed sale.

Commission on a regular premium plan is refunded in instalments reflecting pension providers' commission payment pattern. On a 25-year-term regular premium plan, for example, commission payments – and, hence, the refunds – are spread over 27 monthly instalments.

Consumers seeking a single premium pension arrangement will not get a refund, since the commission at 4 per cent is so low it does not cover the company's costs.

Where CFS negotiates a commission over-ride – that is, a rate of commission higher than the standard rate laid down by Lautro (Life Assurance and Unit Trust Regulatory Organisation) – it will keep the excess.

Furthermore, any commission generated by future increases in premiums is retained by CFS, except where large sums are involved.

Consumers who have researched the market and have a particular product in mind will find dealing through CFS a much cheaper alternative than through commission-based advisers. In fact, at £199 the service also undercuts most fee-based advisers, who might charge £300 for a pension sale (four hours at £75 per hour).

But, in order to sell wholesale on the retail market, something must be sacrificed. Discount Pensions does not offer face-to-face interviews. Nor does it automatically follow up sales to check whether its clients' pension needs have altered – for example, following a change in employment.

In particular, anyone who has opted out of the State Earnings Related Pension Scheme (Serps), using a personal pension will need to know at what age they should opt back in. This is usually around 45 for men and 40 for women, but the precise age depends on an individual's circumstances and the current terms of the National Insurance rebate.

In spite of its drawbacks, however, Discount Pensions highlights the excessive commission levels earned by most advisers and salesmen on pension products. It offers consumers an open invitation to make use of commission-based advisers for research alone and to conduct the final sale through its freephone service.

Although rather cheeky in its bid to poach clients from other advisers, CFS is doing nothing that contravenes Fimbra rules. It simply offers a slimline service and has cut its profit margins to the bone to attract high-volume business.

■ Discount Pensions freephone number is: 0800-777-188.

The Fund Managers

Restructuring pays dividends

CLEARING banks are not usually noted for their striking investment performance. The performance figures for Lloyds Bank's unit and investment trusts came as a bit of a surprise, however, as the funds have steamed ahead over the last couple of years. Why?

According to Bruce Ackerman, managing director Lloyds Investment Management, this is the result of the restructuring of the unit trust department which took place three year ago. A number of managers were recruited, notably Peter Kysel from Touche Remnant to head the overseas team, and others redeployed. Since the restructuring, UK fund managers have been responsible solely for unit trusts, rather than looking after pension funds as well.

The unit trust management is a fairly compact organisation. The three UK fund managers report to Bruce Ackerman, who also manages a couple of trusts. The three who cover the Far East, North America and Europe report to Peter Keysel. Since the restructuring, performance has benefited from concentrating on blue chip stocks. But the unit trusts have failed to come up to the stiff targets laid down in 1988 by parent company Black Horse Life. These stipulate that two thirds of the funds should be above the median. However, around half Lloyds' trusts are in the top quartile over the last year, which is not bad.

Lloyds adopts a "top down" approach to stock selection. Senior managers agree overall economic and investment outlook and then all the managers discuss sector or geographical asset allocation. Each manager has complete autonomy in stock selection. In addition, three – sometimes four – analysts prepare stock research for the managers.

As two-thirds of the unit trust money goes into UK equities, the UK trusts were the first to be tackled in 1988 and 1989. Michael Ashbridge was brought in from Save & Prosper and another UK manager, Glenn Meyer, was added.

Ashbridge has had a considerable impact on the Balanced trust which has leapt up the league tables from a poor position on a five-year view to sixth in the sector over two years. He has concentrated on blue chip UK equities and keeping turnover down.

Ashbridge also manages the UK Growth fund which has consistently been one of Lloyds' best performers. Although it contains both small and large companies the emphasis is on choosing long term quality holdings.

The smaller company fund has stayed within the top quartile of smaller company funds, but small companies have performed badly in comparison with the whole of the UK growth sector. The strategy is, again, to concentrate on long term quality holdings.

Lloyds' UK income funds have done well, although a diminished holding in Polly Peck has affected the Income fund's short term performance and pushed it out of its position in the top five per cent. Ackerman, who manages the fund, says he is aiming at a yield above the FTA All Share – currently around 5 per cent – and points out that it is "all genuinely high yielding shares – not ten per cent yield stocks mixed up with two per cent". He warns that dividend growth after inflation will decline over the next couple of years as companies face tougher times.

Meyer runs the UK Extra income fund which is designed to yield around one per cent more than the Income fund. About 20 per cent of the fund is likely to be in convertibles to produce the higher yield. This means the dividend will not rise as much proportionately as the Income fund's.

Ackerman admits the Master trust has not been too successful since its launch in 1987. This is at first sight rather damning since it invests purely in Lloyds' unit and offshore trusts. However, he attributes its disappointing performance to the original strategy, which was altered last May. The trust was also hit by an increase in dealing costs as it restructured, but this is now finished.

In Europe, performance looks disappointing for both funds over the last couple of years. However, the German growth fund has fared better than the European fund, reflecting the relatively strong performance of the German market after the crumbling of the Berlin Wall.

The idea behind the overseas trusts, explains Peter Kysel, is to try to outperform local indices rather than sector averages. This might sound obvious, but over the long term, remarkably few fund managers do. It is a strategy which has worked very well until the collapse in markets after the 1987 crash, since when a great deal of investment theory has been turned on its head.

The international technology fund is comparatively small and has suffered as high tech share prices have spiralled down over the last few years.

Worldwide growth has not fared too well, either, staying just into the third quartile over the last one to five years. Last year, Kysel says, performance was hampered by being underweight in Europe and overweight in Japan.

Another small fund is International Energy which has done quite well in the hands of Meyer, a former oil analyst. He has taken it into upstream stocks when the price of oil has been high and downstream into derivatives and electricity companies when it has fallen.

All the Pacific and North American funds are managed in London. Last year was a poor one for Lloyds Pacific and Japan funds. Ackerman explains the Japanese fund was not liquid enough when the Tokyo market crashed during the first half of 1990, while in the Pacific, the fund was underexposed to the fringe markets in the same period.

In North America, the General fund did well over 1990, following a low risk, blue chip strategy. Peter Kysel argues that the North American funds have done well against local indices, but it is the smaller recovery fund which looks better against the competition.

Lloyds also manages a small number of investment trusts. Of the two offshore trusts, Thai Europe has done well, the Portuguese trust less so. The Spanish investment trust has also had a shaky record but the local Spanish adviser has been changed. A smaller German company trust is run by Schröder Münchmeyer Hengst, a German bank but the other German Investment trust, which has done well, is run from London.

The newest and perhaps most exciting trust is the Austro-Hungary trust, launched last year, which is designed to reap the benefits of the changes in Eastern Europe. It currently has $45m under management and ultimately it is intended to be split this equally between Austria and Hungary.

Lloyds has adopted a long term, conservative approach which has had better results so far in the UK. That may well change as markets alter. If your bank manager wants you to buy his unit trusts, whether directly or with a link to another policy, Lloyds Bank's customers are better placed than most.

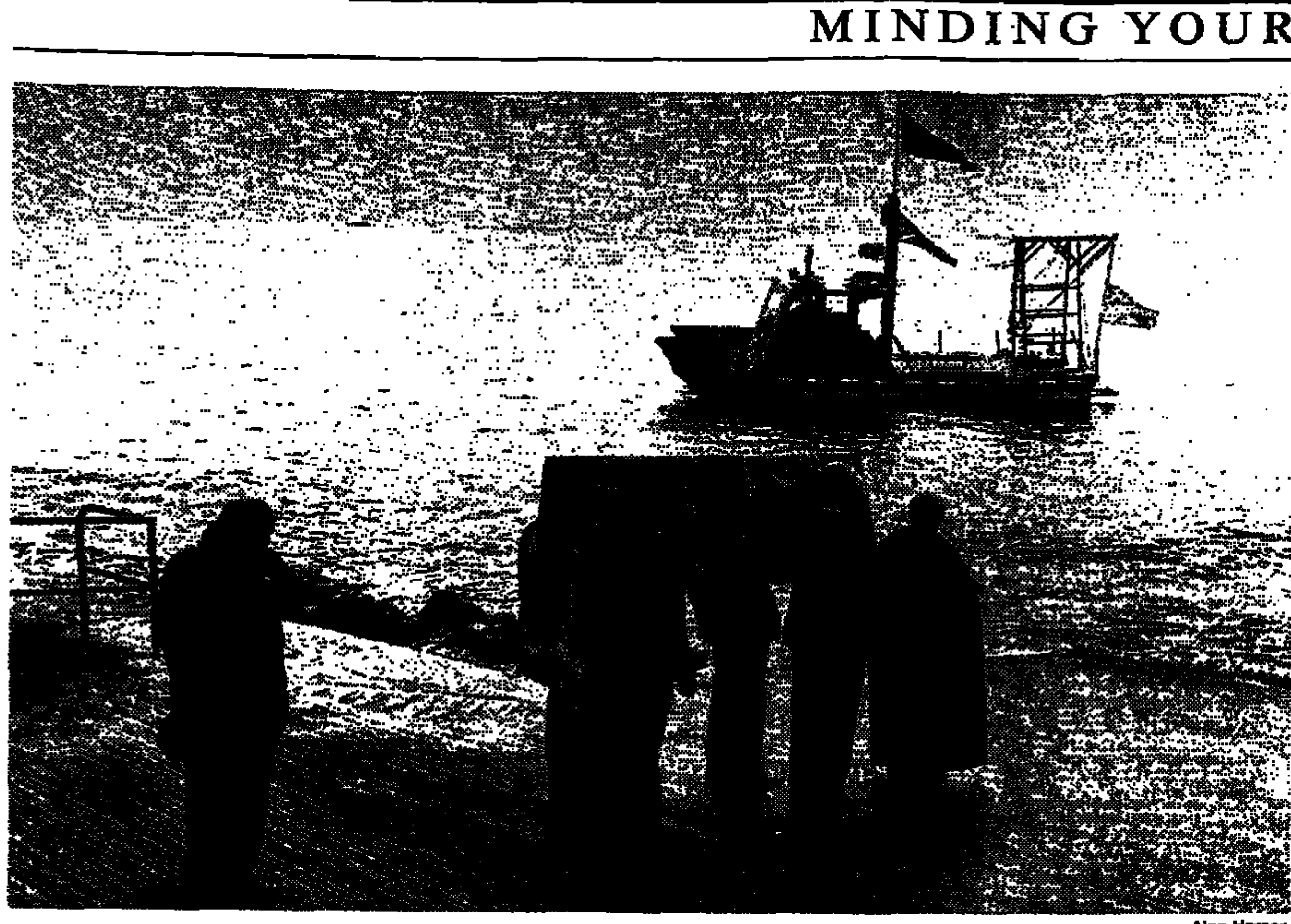
Heather Farmbrough

Unit trusts under management

Fund	Size (£m)	Launched	Performance 3 years	Performance Sector
Balanced	89.2	1968	+31.9	+18.9
Cont Europe	24.9	1986	+20.0	+40.0
Energy Int	0.7	1981	+3.0	-5.1
Extra Inc	45.7	1976	+22.6	+12.4
German Growth	19.1	1985	+67.2	+40.0
Income	168.1	1970	+32.0	+14.8
Intl Tech	2.0	1980	+9.5	+13.1
Japan Growth	6.8	1985	-12.9	-2.3
Master	7.1	1987	+3.7	+13.2
N Amer & Gen	17.3	1980	+18.1	+18.2
N Amer Sm Cos	4.0	1987	+34.6	+18.2
Pacific Basin	14.0	1981	-0.3	+8.2
Small Cos	32.0	1980	-18.2	+0.5
UK Equity Growth	8.1	1989	n/a	n/a
UK Equity Inc	14.1	1989	n/a	n/a
UK Growth	19.4	1986	+23.5	+0.5
Wldwide Growth	33.9	1968	+11.2	+13.1

Source: Finstat. Figures to March 1, offer to bid with income reinvested

MINDING YOUR OWN BUSINESS



Final rest: burial at sea is "a moving ceremony", according to Britannia Alan Harper

Nicholas Garnett reports on a funeral company with a difference

A final resting place in the bosom of the ocean

BURIAL IS a subject few people feel comfortable talking about – but it is one everyone has to address. You might talk about it with your children. You might even include instructions in a will.

A small industry worth £250m a year and largely made up of almost 3,000 funeral companies, services the requirements of the dead. It is into this world that the Britannia Shipping Company for Burial at Sea arrived five years ago.

The company, based in a village near the coastal town of Sidmouth, Devon, has not always had the best of publicity. It is trying to create a market for itself as well as serve one in a service where "marketing" sounds a dirty word. It is also run at the moment as a part-time business by people with no formal training in undertaking and whose "professional" dress resembles yachting clothes. Stephen Charles-Davis, its principal founder, is an osteopath and one of Britannia's offices is an annexe off his treatment room.

But having had some difficulty satisfactorily coping with his father's wish to be buried at sea, Charles-Davis decided to set up what he claims is the only UK company dedicated to meeting what is a real, if limited, demand.

Who, apart from ex-seaman, wants the Briny to be their last resting place? "People who want an alternative to land burial or cremation," says Charles-Davis. "They may be romantics who have seen it on film or people who realise that there is a shortage of burial grounds. There are people who are frightened of the place they live in. They might have been stuck in high-rise flats, living in an area suffering vandalism and want peace of mind in a different environment." Britannia's first burial was of a vicar.

Britannia was set up to make money and that is the goal of Charles-Davis and the other five directors. So far it has not done so and has barely covered costs while failing to pay a salary to directors, who include Ludovic Kennedy, the broadcaster and author.

The company has been performing only about 12 sea burials a year at a present average cost of £1,500. However, Charles-Davis says there are some 1,000 people who have, as it were, signed up with the company to have a sea burial, many of them using a codicil to their wills. If even only a proportion of this number are buried at sea, this would represent a significant change in the company's fortunes. Some 600,000 people in the UK die every year and within a few years, this figure will rise noticeably as a result of the ageing population.

Total investment in the company has been about £13,000, including running costs, advertising and equipment including a trailer used for carrying the tipping platform from which the coffin enters the water. Britannia does not have its own boats but charters these from the port where the burial is taking place. It spends about £1,000 a year on advertising, mainly in the *Lifeboat* magazine and the *Funeral Services Journal*. The company employs a chaplain and a sea captain on temporary contract who guides the vessel to the burial site.

There are a dozen burial areas around the British coastland designated by the Ministry of Agriculture, Fisheries and Food and ranging from eight to 15 miles from shore. A licence is required for every sea burial. Up to four boats are usually involved, the burial vessel and three for mourners, who might have a round-trip of two hours to complete the service. Not surprisingly, sea sickness has afflicted more than one mourner and, on a few occasions, funerals have been postponed because of high winds.

But Charles-Davis says almost everyone has appreciated the way the dead are brought to their underwater resting place. "It is very moving and we think this diffuses a lot of the grief.

"The boats come to a halt, the commital service is performed and the mourners and we as a company sprinkle flowers on the water. We have a one minute silence, then the boats circle the burial point and the silence is broken by the ship's siren. Fishermen on nearby boats will stand to attention and doff their caps and their ensigns will also be at half-mast."

The idea of being buried at sea received bad publicity last November when two bodies were washed up on shore in Cornwall. Britannia points out that those incidents resulted from a burial off-shore performed by undertakers and not by Britannia. Nevertheless, that raised the slightly distasteful but important issue of the practicalities of sea burial. "We work very closely with the Ministry on standards and the setting of those standards," says Charles-Davis.

Such discussions have led to the use of weights made of biodegradable concrete strapped by metal to the outside of coffins, which are at present made of mahogany but which in future will probably be of a softer wood.

Requests to Britannia are not always straightforward. "We are arranging the burial at sea of the ashes of a lady who wants to join her loved one whose ship was sunk by torpedo during the war," says Charles-Davis. "The area is about 875 miles out in the Atlantic." Funerals at sea certainly offer some unusual spiritual possibilities.

■ *The Britannia Shipping Company for Burial at Sea, Britannia House, Newton Poppleford, near Sidmouth, Devon EX10 0EF. Telephone 0395-68652.*

COMPUTING

What sales ledgers are really for

IN MY first article on business systems I mentioned that the sales and purchase ledgers are mirror-images of each other. Basically both do the same things – post invoices and pay them off – in the same way. This week I will discuss the role of the sales ledger in credit control, and then a couple of areas in which putting sales and purchase ledgers on computer can cause problems.

CREDIT CONTROL: The more promptly your demand for payment is presented to the customer, the more promptly he or she is likely to pay up.

An important benefit of a sales ledger package is that it will automatically print out customer statements each month. This saves manual work and is also fast. All the statements can be printed and posted within hours of the month-end.

The computer will print for you a debtors' age summary. This report analyses all debts and presents them grouped by age (up to 30 days old, 30 to 60, 60 to 90, 90 and over) so you can see at a glance which customers are overdue.

You may then print a detailed invoices report for each overdue customer showing the individual invoices involved. You therefore have at your hands all the information you need when you ring him up to demand payment.

Some packages take a more active role. As customers get further into arrears, they will generate reminder letters at increasing levels of rudeness.

The computerised sales ledger gives the user a battery of weapons to enforce effective credit control. If you have outstanding debtors of £100,000 and the computer costs you £5,000, then you only have to achieve a 5 per cent reduction in debtors and the computer has paid for itself.

CAVEAT NUMBER ONE: The benefits of putting sales and purchase ledgers on computer are overwhelming, but there are some irritating drawbacks.

A manual ledger contains a full "account history" of all the invoices and payments on each supplier or customer's account since the beginning of the financial year.

This can be extremely useful when there is a query and you want to look back over the previous months' transactions.

Companies coming from a manual system on to a computer are often dismayed to find that they have lost their account history. The computer requires a "clear-down" at month-end which wipes off all paid invoices from the ledger.

The monthly clear-down causes other problems. Although invoices, once paid, are "dead" so far as the sales or purchase ledger is concerned, they are still very much alive from the viewpoint of this year's accounts.

> 'Accounting must be unique in that it is far easier to correct a manual set of accounts than a computerised set'

Very often the auditor or accountant finds that an invoice entered some months ago has been analysed to the wrong nominal account. But because the invoice has now been wiped off in the month-end cleardown, it is a complicated job to correct the mistake.

With computer packages such as spreadsheets and word processors, one enormous advantage compared with a manual system is that it is so easy to make changes. You make the amendment and then the computer "ripples" through and readjusts or recalculates everything automatically.

This facility most certainly does not apply to computerised accounts packages. Accounting must be unique in this respect in that it is far easier to correct a manual set of accounts than a computerised one.

The month-end clear-down is a throwback to the old days of computing when disk space was in short supply. Nowadays, computers have enough power and disk storage to retain all the year's transactions on the disk. There is really no need to wipe off paid invoices any more but the software designers seem slow to realise this.

CAVEAT NUMBER TWO: Pretty well every company that buys a computer starts by installing sales and purchase ledgers. It is therefore very easy to make the assumption that this is what every company ought to do.

Accounting terminology increases the confusion. After all, every company makes sales and purchases. Doesn't that mean that every company needs sales and purchase ledgers too?

But the purchase ledger is not a record of your purchases. It is a record of the people to whom you owe money, your creditors. Similarly, a sales ledger is not a record of your sales. It is a record of the people who owe you money, your debtors. (To keep it clear in your mind, think of the sales ledger as the debtors' ledger, and of the purchase ledger as the creditors' ledger.)

So sales and purchase ledgers are only suitable for companies with substantial debtors and creditors, and you should be processing at least a dozen or more credit invoices a month before you consider a sales or purchase ledger on computer.

Many readers of the Minding Your Own Business page will not have this volume of credit invoices. They have no need of sales and purchase ledgers and for them the traditional accounting format of sales, purchase and nominal is unsuitable. So, remember that sales and purchase ledgers are not for companies that make sales and purchases, but for companies that trade on the basis of credit.

David Carter

■ *David Carter is a consultant in information systems for small companies. Tel 0727-55996.*

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PERSPECTIVES

Small boat in a sea of mixed sentiment

*Second World War veteran **Henry Swain** sailed to Murmansk to find a warm welcome – and many memories – in a much-changed city*

I SAW Murmansk through a blur of showers and anxiety. I am always tense entering a new harbour but this one had been off limits for decades. We were the first British yacht to visit the Soviet port. During the passage across the empty Barents Sea, the last leg of our voyage from Newcastle, we had been in a private world of our own, now we were part of another country and I did not know what to expect.

We had picked up the pilot 10 minutes before off Tyuva Bay in the Kola Inlet and he was directing our entry into the harbour. I worried about him, too. He was wearing only a thin raincoat more suitable for the warm wheelhouse of a merchant ship than the exposed cockpit of the 35 ft *Callisto*. Seemingly unaware of the rain, he was intent on avoiding unseen shallows and passing ships.

"Naprava" he said, and then "Priamo" ("To starboard, straight on"). I steered to conform. Looking at him I felt slightly guilty. We were just another professional job but surely such care and attention deserved a more important ship? We had sailed here only for fun – who were we to give him so much trouble? I was glad to see him putting on the heavy oilskin that one of my crew had found for him and I began to feel less worried.

As I moved the tiller, I could relax and look around. Between the showers, flashes of sunshine lit the low, birch-clad hills. The city sprawled along the east side of the Kola Inlet: lines of quays, ships and cranes. Behind were high-rise apartments in long terraces on the hills. When the sun caught the buildings they were white, blue and yellow in the clear Arctic light. From the harbour they looked like fairy palaces.

When I came here in the Second World War deep snow covered the hills and the debris of a ruined city but the docks had still been working, unloading the convoy we had brought in. On that day we had lost three ships off the coast with many of their crews. This time we tied up alongside a floating pontoon next to a smart Norwegian ferry. There was a ship in a large, floating dry dock astern of us. The pilot stepped ashore, refusing any payment.

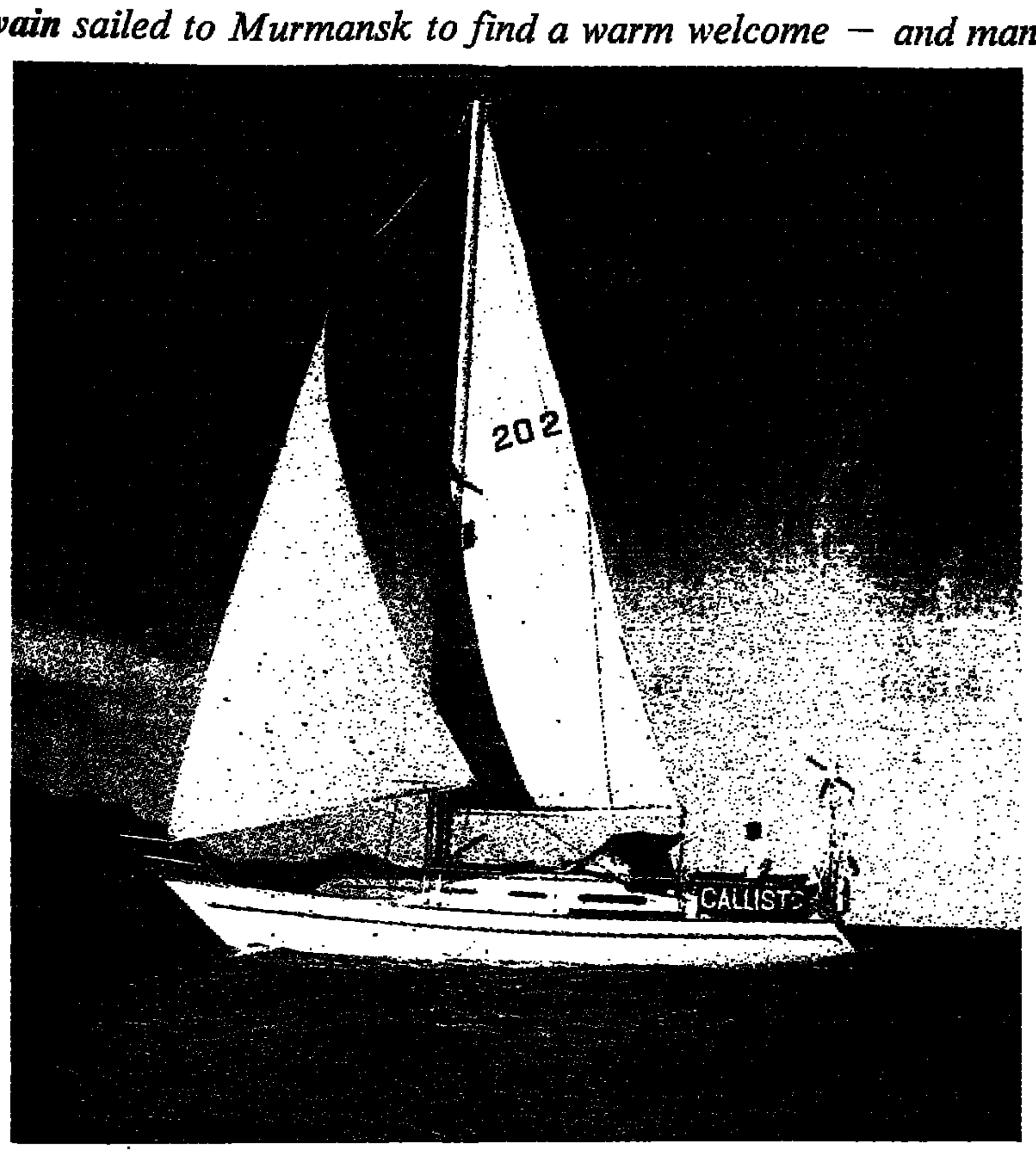
Customs clearance was a brief formality, then the yacht filled with people from the City Council, the War Veterans Committee and the Murmansk Shipping Company. "Welcome. Is there anything you need – diesel, propane, food? Here is our phone number and radio frequency. Ask for any help you need night or day."

Vassili Tonkih looked lean and fit, surely too young to be a war veteran. He wore a raffish beret and medal ribbons and subjected the women members of the crew to rapid Russian gallantries and massive charm. There seemed to be an instant rapport between Vassili and his colleagues, who had been soldiers in a long-ago war, and my crew, who were born after it was over. As I listened, I began to understand that, to the Russians, *Callisto*'s voyage was not just an extended summer cruise but some sort of mission of friendship.

In the morning, the showers had cleared and I went ashore under a cloudless sky. In July, the lilac flowers come out. The forest tundra of the Kola Peninsula runs through the streets. Beyond the city limits, the same small trees stretch in unbroken forest for hundreds of miles: the home of reindeer herdsmen, wolves and bears.

Murmansk is on the frontier – the world's biggest city in the Arctic. It is seven hundred miles north of Leningrad but, unlike Leningrad, the port is ice-free all the year. In winter the night lasts for 52 days; in its brief summer the sun shines, day and night.

The Lenin Prospect could be the main street of any European city. It is very wide and flanked by buildings of six and seven storeys with vaguely classical facades of brightly painted stucco. The street runs north and south and the birch trees provide valuable shade from the midday sun. The city was *en fete* and thronging with people, many carrying flowers flown from the south and sold at pavement stalls. There were not many children; most had gone for their long holidays to the south – part of the lifestyle of the Arctic.



The Callisto at sea: the yacht proved a magnet for Soviet sailors, fishermen and students

When I got back to the yacht there was a continual procession of visitors. Our arrival had been reported in the local paper and with her slim white hull, her tall mast, and red ensign *Callisto* was conspicuous. The crew were at work making tea for our visitors. "You have come all that way to see us in this small ship!" they said in surprise.

One visitor, Katia, drank a glass of tea as she admired the comfort of the saloon. She was slim and well dressed. Her husband was a fisherman. "How much does it (the yacht) cost" she asked in her uncertain English. I did a quick sum and was alarmed by the result.

"Half a million roubles."

It is easy enough to go sailing in the Soviet Union although there is no individual ownership; all yachts are owned by clubs. But I have a partner, Roy Sowden, who shares the cost of the *Callisto*.

"She's owned by a co-operative," I said. Katia nodded understandingly.

My crew left after three days on the train to Leningrad but I stayed to wait for Sowden and his crew to arrive in three weeks to sail *Callisto* back to Britain. The yacht seemed very empty but I was not lonely. It is impossible to be lonely in Russia.

I dined ashore every day at the restaurant in the Ferry Terminal. The food suited me well. I liked the soup, smoked fish and salads. With vodka and mineral water, meals were very cheap – less than £1. It was difficult to eat alone. Quite often, I was invited by strangers to join their tables and they would not let me pay the bill.

I had read a lot about the poverty and shortages in the Soviet Union but our Russian friends seemed to live very well. Their flats were small but well equipped and furnished. They had double glazing and powerful heating systems and shelves of books in all of them. Many had spectacular views of the Kola Inlet far below.

You eat and drink well at Russian parties and all the conversation is serious and direct. There is no evasive small talk. After a few minutes I would be drawn into a political discussion. Then somebody would top up the vodka glasses and call for a toast to the friendship between our countries.

In Murmansk the ice breaker *Rossia* is one of the show pieces. The skipper of this great ship treated me as an equal and called me "Capitan" because my small yacht had also sailed in the Arctic Ocean. Over lunch, he told me how the ship kept the sea lanes open along the Siberian coast. An officer showed me the search-light controls on the bridge and explained: "We work in the Polar night. We see the white bears. They are not really white but cream coloured. In the searchlights, they show up clearly against the ice."

I liked this great, lonely ship. I liked her captain, too. He embraced me on the gangway as I went ashore. To those in Murmansk, the Second World War still seems a recent and terrible event. Only 3 per cent of the men born between 1920 and 1925 came back from the fighting. Where one of the anti aircraft batteries stood on a hill overlooking the harbour they have built a huge statue of a soldier. More impressive are the guns left behind – their muzzles still point to the western sky from where the Nazi bombers came. It is as if the gunlayers have just stood down.

I was glad to see Sowden and his crew but I was sad, too. Only half of me wanted to go home. I left by sea, as I came, but this time in the fast Norwegian catamaran ferry to Kirkeness. I was told I ought to see Leningrad but I didn't need to. My image of the Soviet Union remains the memory of the city the Russians have built in the far north where no city ought to be – a warm vibrant home for 500,000 people.

One student, Natasha Varyushkina, told me: "We often go to Leningrad. I've stayed in Copenhagen, which is a fine city, but I'm always glad to come home. I wouldn't want to live anywhere but Murmansk."

FOOD & WINE

Wine

The 'new wave' white Bordeaux

ALTHOUGH Bordeaux has always been known best for its claret, until 20 years ago it produced more white wine than red, the great majority at least nominally dry, and most just generic Bordeaux Blanc.

In the past decade there has been a growing world demand for white wines but, until recently Bordeaux did not have an adequate share of the market. The return on basic whites was so low that many growers switched to producing reds by grafting Cabernets or Merlot on to the root-stocks.

Good white wine costs more to produce than red because of the extra, expensive equipment needed. This was too clear for the thousands of *petits vignerons* in such areas as the Entre-Deux-Mers and Côte de Blaye. So they continued with the traditional local viticultural and vinification methods.

Maximum yields were secured and picking was early to retain acidity. The juice was separated from the skins immediately and fermented at high temperatures: from 25°C to 30°C.

Since payment depended on alcoholic strength, this was made as high as possible, at the expenses of freshness. The wines are bottled early, with a good dose of sulphur to avoid secondary fermentation in bottle and oxidation.

This sort of dreary, chemical-tasting, white Bordeaux continues to be made.

In the mid-70s however, Professor Denis Dubourdieu of Bordeaux University, began research into the fermentation of white wines. Early in the 1980s cold fermentation was introduced: from under 20°C to 16°C. This resulted in fresher, more aromatic wines.

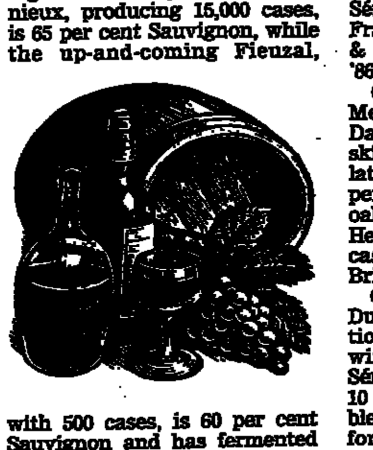
Special natural yeasts were introduced, including types from Alsace and Burgundy, and the grape juice was macerated before fermentation with the skins, for anything up to 24 hours. Very often, a large proportion of free-run juice without severe pressing was used.

Another refinement, long used in the leading Graves estates, such as Haut-Brion, Laville-Haut-Brion and Carbonnieux, was to ferment in oak barrels.

By 1985, Dubourdieu's methods were were acknowledged widely and the co-operatives – very important, particularly in the Entre-Deux-Mers – were macerating the grapes for up to 24 hours before fermenting them. Everywhere, much more stainless steal has been employed. Moreover, in what is described as "new wave" dry white Bordeaux, a greater proportion of the Sémillon grapes is being used.

In many cases, the role of the tougher, more aggressive Sauvignon is being reduced although there are many variations. Ever since the Mentzelopoulos family took over Ch Margaux in 1978, its re-planned Pavillon Blanc has been 100 per cent Sauvignon, with no pre-fermentation skin contact; while the top Haut-Brion Blanc and Laville Haut-Brion have always been 50/50 non-macerated Sauvignon and Sémillon.

The deliciously honeyish white Domaine de Chevalier, with only about 600 cases a year, is 70 per cent Sauvignon, while increasingly impressive La Louvière is 80 per cent Sauvignon. The very large Carbonnieux, producing 15,000 cases, is 65 per cent Sauvignon, while the up-and-coming Fieuzal,



with 500 cases, is 60 per cent Sauvignon and has fermented entirely in oak since 1987. So, the advance in Sémillon is not universal, especially at the top.

Fifty miles up the Médoc at Loudenne, the IDV property, the situation is more complicated. With a 50/50 Sauvignon/Sémillon base, only a third of the former and 10 per cent of the latter are macerated, and only 7 per cent is fermented and matured for three months in new oak. (The '88 is available in Peter Dominic shops at £5.99).

Oak has to be used carefully in producing dry whites for, as shown in California, it can dominate them. For the Pavillon Blanc, Paul Pontallier, the director, uses one-third each of new, one-year and two-year oak casks. La Louvière vinifies half in oak, with 70 per cent new. Contrary to normal custom, such wines need several years in bottle and tend to cost more. New French oak casks cost more than £200 apiece.

For those of us unable (or unwilling) to scale the price heights of the half-dozen or so top estates, it is encouraging that much of the new wave revolution is taking place in the less favoured parts of the Graves, the Premières Cotes along the Garonnes right bank, and in the often despised Entre-Deux-Mers. But availability in Britain is variable, and they are under-represented even on some of the leading merchants' lists.

Haynes, Hanson & Clark (Lettice St, London, SW6) deserves praise for listing three of the estates I visited on a recent trip to the Gironde, on which I append the following comments:

Ch Thieuley. One of the best-known Entre-Deux-Mers which is owned by Francis Courselle, a former professor of oenology at Bordeaux University and a leading advocate of 'new wave' white wines. The normal blend is 100 per cent Sauvignon, ('89, Adnams of Southwold, £4.40; Haynes, Hanson & Clark, £4.65), but a special 75 per cent Sémillon is oak-matured, cuvée Francis Courselle ('88, Corney & Barrow, London, EC1, £8.05; '86, Adnams, £7.90).

Ch Bauduc. An Entre-Deux-Mers owned by Welshman David Thomas. After 24-hour skin contact, 70 per cent of the late-picked juice is free-run, 100 per cent Sémillon. A special oak-matured cuvée, Les Trois Hectares, producing only 1,500 cases, ('88, Goedhuis, Albert Bridge, London, SW11, £6).

Clos La Plaisance. Professor Dubourdieu assists the production of this Premières Côtes wine. Although 60 per cent Sémillon, there is an unusual 10 per cent Muscadelle in the blend. The '89 was remarkable for its perfumed aroma. The special Cuvée Guillaume is half fermented in stainless steel, half in oak, providing much more complexity.

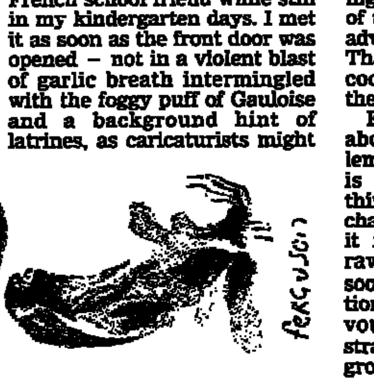
Ch Magneau. This Graves has 28 ha of white wine. After fermentation, the 60 per cent Sémillon wine is left for three months on its lees, which are stirred frequently (batonnage) to increase the flavour. The '89 is big and oaky wine with lots of fruit (Haynes, Hanson & Clark, £6.35). There is a special Cuvée Julien, all oak-fermented and matured ('89, Tesco, £9.49).

Ch Rahoul. A Graves well-known for its distinction and concentrated flavour ('87, Harveys of Bristol, £10.60).

Ch Cantegrive. A large Graves estate producing 60 *tonneaux* of dry white. The normal blend is 50/50 Sémillon/Sauvignon ('88, Adnams, £7.20), but the Cuvée Caroline, is 100 per cent Sémillon. With welcoming aroma and fruity flavour, this is one of the best "new" dry whites.

Ch Reynon. This Premières-Côte property is owned by Dubourdieu himself ('89, Haynes, Hanson & Clark, £6.65).

Edmund Penning-Rowsell



A strong whiff of France

Philippa Davenport on the uses and abuses of garlic in the kitchen

THE PLEASURES of eating in France were drummed into me at an early age. My father believed that greed was the spur to learning languages and he took us abroad at the first opportunity.

While tiny tots, my sister and I were put in charge of placing the orders and checking the bills in restaurants on the family holidays and doing the marketing for our lunch-time picnics.

Brioche, café-au-lait, citron presse, pain d'épice, moules mariniére, boeuf en daube, pommes Dauphinois, radis au beurre, croque monsieur, oeufs à la neige, and crêpes de fruits de mer were early words in my vocabulary. My father, however, remained in charge of the wine list.

I marvelled at the fact that the French shopped twice or maybe thrice daily for bread. I was amazed by the range of charcuterie, the choice of cheeses and the creamy taste of unsalted butter. I giggled and wrinkled my nose at the thought of snails and frog's legs – until I ate them. But above all else, even before I crossed the channel, I associated France with garlic.

Garlic was a discovery I made in the London house of a French school friend while still in my kindergarten days. I met it as soon as the front door was opened – not in a violent blast of garlic breath intermingled with the foggy puff of Gauloise and a background hint of latrines, as caricaturists might wish, but seductively.

My first whiff of it was sheer magic, wafted gently from the kitchen on the meaty sizzle of a roasting gigot, and the flavour of it was delicate, not aggressive. It did not taste so much of garlic as it enabled the lamb to taste more lambily delicious than any lamb I had ever tasted before.

The trick of using garlic more as a seasoning than for full frontal assault has delighted and intrigued me ever since. I love sometimes to eat garlic at its most garlicky (in aioli and rouille for example) but the ability of garlic to make a dish special by "disappearing" and so accentuating the flavour of other ingredients is particularly pleasing.

To describe garlic as self-effacing is an obvious exaggeration but if it is good quality and it is used with discretion the effects of "the stinking rose" can be remarkably subtle. In this respect garlic is like sugar, salt and lemon, all of which are capable of improving other ingredients (the ingredients they partner) and of transforming dishes without advertising their own presence. That is one reason why the cook wants always to have them to hand.

Everyone feels confident about using sugar, salt and lemon. The proper use of garlic is not so obvious. For one thing, the character of garlic changes depending on whether it is early season or mature, raw or cooked, and on how soon it is eaten after preparation. Also the strength of flavour varies depending on strain and where the garlic is grown.

Just because one clove of garlic is good it does not follow that two will be better. Personal taste must be your prime guide of course but the effect of a couple of garlic cloves each chopped into four or eight pieces and nailed into a leg of lamb will be crude compared to the perfumed permeation achieved by using a single clove pared into a dozen or more fine slivers.

Very fresh early season garlic (sometimes referred to as green or wet) is succulent and plump under its sometimes pearly-pink papery skin. The flesh is creamy rich and sappy, a summer treat. The flavour is quite delicate at this stage. The familiar garlic pungency only develops later as the heads grow dryer.

Fresh garlic needs careful storage to keep it in good condition. A cool, dry and airy place is essential. A steamy hot kitchen is lethal. If garlic is wrongly stored or kept too long it becomes an abomination. The skin rustles like dead leaves. The flesh coarsens, smelling and tasting rancid. Only the sprouting core is alive.

The thought of using up to 40 cloves of garlic in a single dish is enough to make many stout Englishmen quail, but providing the garlic is as firm and fresh as it should be, and providing the cooking is gentle, the resulting dish will be mild and sweet. Garlic simmered in milk until soft enough to crush with a spoon is as delicate as a puree of leeks. Garlic cooked with a chicken in a brick, or simply wrapped in oiled foil and baked until pale gold, becomes wonderfully mellow.

Briefly or fiercely cooked garlic is more potent and raw garlic is most macho of all. Many pâtés, casseroles, gratins and soups are unthinkable without garlic – just a whisper to round them out gently, a little more to enliven them, yet more if you want garlic flavour to be evident.

I like sometimes to rasp a cut raw garlic clove over the surface of toasted or fried bread when making bonnes bouches to nibble with pre-dinner drinks. I also like occasionally to slip a sliver of garlic into the stockpot.

Sometimes I frazzle chopped garlic in hot oil then discard it in order to make an aromatised oil for cooking prawns, squid or a stir-fry of vegetables. And recently I have taken to serving hot garlic bread once again. The difference now is that instead of spreading the bread with garlic butter, sometimes I dress it with crushed garlic and a drizzle of fruity olive oil.

Foods containing garlic need to be well covered to prevent tainting other things stored in the larder, fridge or freezer. Remember too that the flavour of garlic in foods alters during storage and very garlicky recipes tend to taste acrid and develop a ghetto-blasting odour if kept for any length of time.

Even freshly-made foods delicately flavoured with garlic are liable to leave a pronounced mark on the breath. The Japanese recently claimed to have developed a strain of garlic that keeps you smelling sweet. I haven't put it to the test.

Chewing parsley was what old wives advised for freshening garlic-laden breath. I'm not certain that works either but I like the taste. The best policy probably is to get your loved one to share the garlic feast. Some people claim that garlic is an aphrodisiac. It is also said to ward off colds, cancer and heart disease. If all else fails at least it should keep vampires at bay.

Eating out across the Channel

FOR THOSE who, like me, believe that the appropriate compensation for the Channel crossing is a sojourn in the closest restaurant to the port of arrival there are, fortunately, many to be recommended.

In Boulogne itself there are La Matelote (21.30.17.97) and L'Huitrière (21.31.35.27) and the more basic Café Alfred (21.31.53.16). Just outside Boulogne, on the way to Le Touquet in the small fishing village of Etaples, try Aux Pecheurs d'Etaples (21.94.06.90) or carry on a further 30 minutes to Montreuil where you can stay and eat well at the Château de Montreuil (21.81.53.04) or the Auberge La Grenouillère (21.06.07.22).

About 5km off the N1 and halfway between Montreuil and Abbeville is Le Coq en Pâte at Argoules (22.29.92.09) which specialises in cuisine du terroir, particularly the freshwater pike and perch from the rivers close by.

This is very near to the Abbaye de Valloires (22.29.97.55), a 17th century abbey with rose garden where a room for the night costs FFr290 (£28.70).

Down the coast towards Dieppe you can stay the night, sit on the terrace on the banks of the Somme estuary and eat, at Chez Mado (22.27.02.22), cockles and mussels to your heart's content as well as their famous sole du Crotoy.

Even closer to Dieppe, 24 kilometres away and for those going to visit Varengeville sur Mer, one of the centres of French gardening, is Les Galets at Veules-en-Rose (35.97.61.33). On the sea front this restaurant offers particularly good value set price menus from FFr220-370.

In Paris there is no shortage of restaurants to be recommended so perhaps you should take advantage of one unique gastronomic establishment. In the evening see friends, go to the theatre and then around midnight set off on the peripherique towards Orly. En route you will see signs indicating M.I.N – Marché d'Interet National – only in France could such a place have this prominence. Five kilometres from Orly you will arrive at Rungis, the food capital of Europe. Rungis market is open Monday to Saturday and it costs about FFr50 to enter by car. As produce is brought to Rungis from all over France, and many other countries, there are numerous restaurants to cater for the buyers, porters and long distance lorry drivers.

On the fish market the place to eat is La Marée – note that no fish will arrive until 1am on the Tuesday morning – while on the meat side the dish to go for is the choucroute, the renowned dish of Alsace, sauerkraut with sausage and pork. Or, très chic, you can tuck into a gratinée – the piping hot onion dish that became synonymous with the market when it was at Les Halles.

You can breakfast early on excellent brioches and croissants, watch the Paris restaurateurs make their purchases, or just look in wonder as the long-distance lorry drivers tuck in to huge plates of food, and the occasional glass of wine.

France travel special: Pages XIV-XV

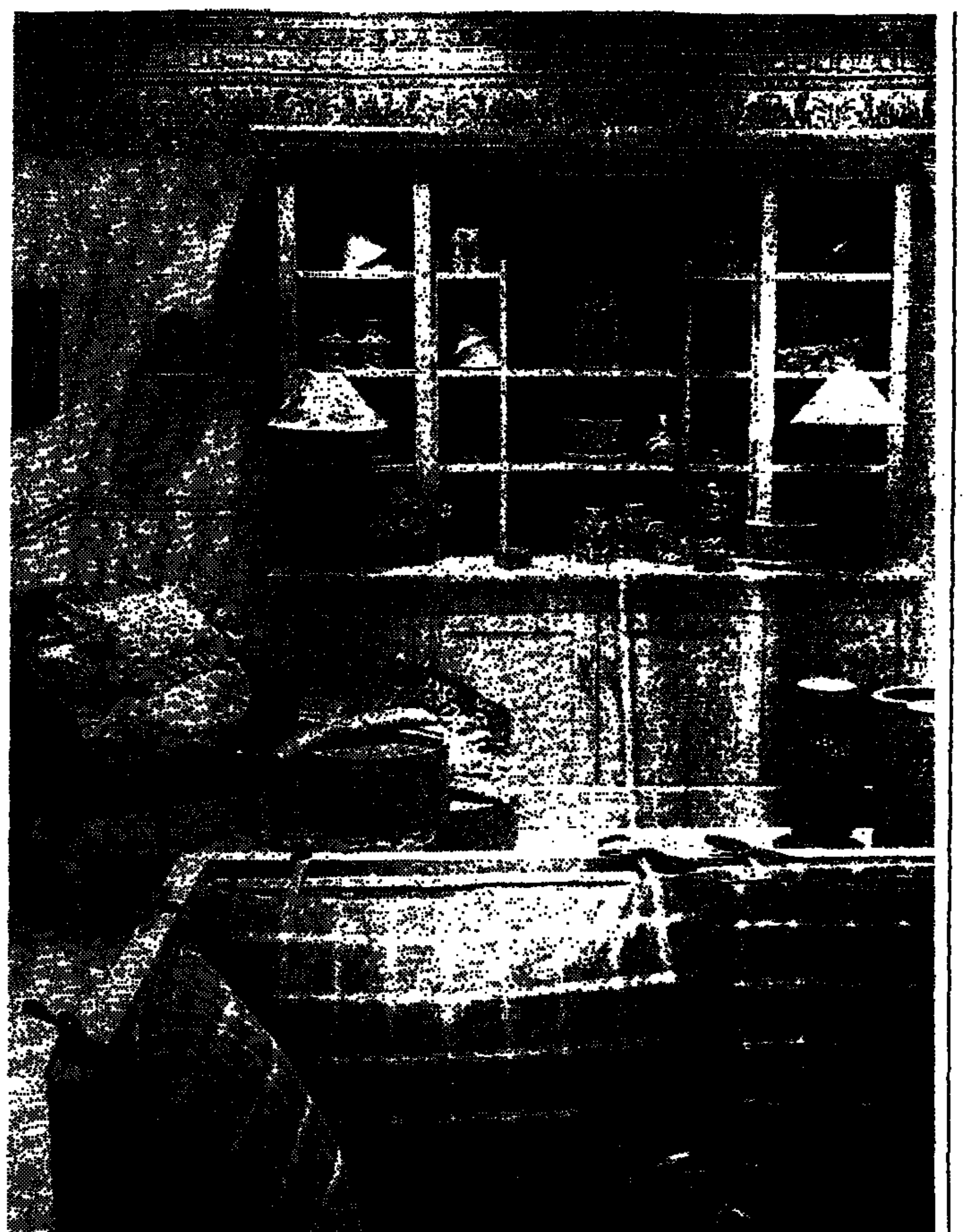
Nicholas Lander

HOW TO SPEND IT

Lucia van der Post looks at stores that are putting designer zip back into furniture and art that is available to all

Furnishing your home with flair

A sleek four-poster bed from Peter Leonard's Soho range, available from House of Fraser furniture departments. £649.99



A cool Swedish-inspired sofa, upholstered with blue and white cushions, by Sasha Waddell, £1,975. Designers' Guild chair, £489

IF YOU HAVE money and the know-how, furnishing your house most deliciously is no problem. If your usual shopping horizons are bounded by your local department store then it takes real flair to produce an interior of any originality or vitality, the average furniture department having about as much charisma as a limp rag.

It has always seemed curious that furniture and home furnishings lag so far behind their much more adventurous fashion floors in matters of taste. Whereas most department stores have ventured into intrepid little corners on the clothing front, when it comes to the house there is usually little more than candlewick bedspreads, staid sofas and predictable florals.

The House of Fraser, possibly half in desperation given the arid state of retailing, and half sensing the time is ripe for change, is making a brave attempt to add a dash of spice.

It has decided to do with furniture and furnishings what has long been done with clothes – to bring in designer numbers with some sense of panache and excitement. As Sally Ireland, merchandise director of the group, freely acknowledges: "The market had got very dull."

Now, instead of nothing but repro brass bedsteads and puffed-up "three-piece suites" customers of three leading House of Fraser stores will see not only a changing array of designer specials but also Peter Leonard's Soho line of furniture, all Gothic splendour and matt-black desirability.

Instead of depressing bales of inoffensive chintz there are checks and tartans, Timney Fowler's classically allusive black and white prints, Sasha Waddell's cool, Gustavian-style sofas and dressers, Designer Guilds' confident prints.

Furniture and home furnishings have (sensibly) been brought closer together so that those who order the Soho four-poster can order the floaty drapes at the same time. Before those in need of a length of elastic or a special blue ribbon write letters of protest, let me reassure you, none of the existing counters has been abolished – simply moved to other floors.

All this has not happened out of the blue. It is no secret that department stores have been having a bad time. To keep their share of business they have continuously to rethink their role. The 80s fad for rationalisation with its central buying and central control clearly lead to too much standardisation, which in turn led to bored customers.

Current thinking seems to be moving towards greater sensitivity to local customers and life-styles. The customer who lives in Kensington perforce must lead a slightly different life from the customer who lives in rural Wiltshire. The new furnishing floors hope to be able to provide each with his different needs.

First House of Fraser stores with the new departments report that customers seem to love it and sales are going very well. Barkers, in Kensington, has probably the largest and most sophisticated selection, followed by Frasers, in Glasgow, and Jollys, in Bath. More similar departments are scheduled to open later in the year with Kendals, of Manchester, Rackhams, of Birmingham and Cavendish, of Cheltenham, top of the list.

Art for the people

ACCESSIBILITY is the buzzword in art circles but even those who are temperamentally averse to anything voguish can see that taking art to the people has done a lot for art – and a lot for the people.

Many of those whose walls used to be adorned with posters or copies of the works of Van Gogh, Rembrandt and the other Great Masters now go browsing at the numerous art fairs around the country and stack their walls with original pieces instead.

There is another chance for those who love the thrill of buying original works of art at relatively affordable prices at an exhibition running from April 11 to April 14 at The John Milton building, St Paul's School, Lonsdale Road, Barnes, London SW13.

Some 1,200 paintings will be on sale by small names and big (Hugh Casson, Pat Albeck, Anthony Lousada, Mary Fedden, Elisabeth Frink, Carel Weight, Jan Pienkowski). Prices range up to about £3,000 but there is lots to choose from in the middle hundreds while unframed watercolours, prints and drawings will be available for as little as £15.

Some 30 per cent of the asking price on each picture will go to the Viera Gray House Appeal which aims to build a residential home for the frail elderly of south west London in Ferry Road, Barnes.

The exhibition opens at noon on Thursday and closes at 5 pm. On Friday and Saturday it runs from 11 am to 8 pm, and on Sunday from noon to 4 pm. For further inquiries tel: 081-876-7529.

■ Busy women city workers can summon the complete summer range of WorkShop shirts to their office desk while those who prefer to order by mail can send for a full-colour leaflet. WorkShop started by taking what it called Jermyn Street-style shirts to the desks of city chaps in the days when there was so much boom and bang that they hardly had a chance to lift their heads from their screens.

These days they will still bring their collection, for men and women, to any central London office and deliver orders the next day but they have found that there is an increasing need for mail order.

This summer's range is particularly fetching – a crisp white cotton shirt (for women), everything a plain white shirt should be, with proper cuffs, double-stitching, good collar, for £49.95.

A collection of splendid linen shirts – particularly good, I think, is this roomy, plain white (or other colours) linen shirt which can be worn inside or out at £59.95 while an over-sized, large, more casually styled, loose linen shirt is £65.

There are two shops where the complete range can be seen and bought – at 2 Lawrence Street, Cheyne Walk, London SW3 5NB (which is also the mail order address for the catalogue and for orders, tel: 071-351-6108) and at 20 Regent Street, Cheltenham, Gloucestershire.

■ Jenny Raworth holds one day flower arranging courses for ten people at a time at her home in Twickenham. You start at 10.30 am and finish at 4 pm with lunch and coffee in between.

She has been running courses with dried flowers for some time but with summer coming up and her own beautiful garden ready to blossom she has decided to expand into fresh flower courses for the season. Book now for day courses on Thursday May 30, Monday June 10 or Thursday June 20, £58 at 7 St George's Road, St Margarets, Twickenham TW1 1QS. Tel: 081-892-3713.

■ In the glossy magazines there's hardly a posh interior these days that isn't bedecked with dried flowers – sweet and nostalgic in rural interiors, formal and dramatic in urban ones. They make a splendid present, too. Forever Flowers, run by Derek and Sandra Rangecroft, will send by post any of their arrangements of hand-picked and dried country flowers. There is a small pot-pourri sachet for just £3.50 (plus £1.50 p+p) or there are mixed country baskets with pink, cream or red roses (smallest size is £10 plus £1.50 p+p) or cream based baskets scattered with tiny pink wild roses (starting price also £10 plus £1.50 p+p).

There are also baskets filled with lavender or rose petal pot pourri and bunches of French lavender.

The baskets are charming and the whole makes a wonderful present for new mothers, elderly mothers, generous hostesses or anyone you wish to please, thank or impress.

Telephone 0747-55078 for further details or write to Holm House, Holm & Ivy Farm, St James, Shaftesbury, Dorset SP7 OJA. Visa or Access are taken.

GARDENING

Sweet-looking but so crabby

ORNAMENTAL crab-apples have three qualities to commend them to garden-owners: flowers, fruits and foliage. However, I do not know any one that possesses them all to such a degree that I can say that *this* is the variety to choose if there is only room for one.

I listened recently to experts discussing the merits of crab-apples and they were united in putting John Downie and Golden Hornet top of their list, both clearly chosen for their magnificent displays of fruits, for they are quite ordinary in flower and leaf. The fruits, although fairly small, are abundantly produced and hang on for a long time. They are orange, with a fine scarlet flush in John Downie, which, for me, gives it the edge over the yellow Gorden Hornet.

Perhaps that was why my group of experts gave it the highest marks. It has certainly had time to prove its worth and reveal any faults, for it was raised more than 100 years ago and won an award of merit from the Royal Horticultural Society in 1895.

Golden Hornet arrived much later and won its award of merit in 1949, but then, 12 years later, went on to receive the higher First Class Certificate. Too much should not be made of this, since plants seldom get awards unless someone has sufficient interest to enter them. Probably John Downie is now so old that there is no-one with that kind of urge to push it to higher honours.

My pick of crab-apples for flower would be the Japanese species, Malus floribunda, but it is not ideal for small gardens since it makes such a dense, tangled head of rather thin branches which are difficult to keep in shape without spoiling the profusion of its small flowers.

Probably the best crab-apple for gardens in which a shapely, manageable tree is required is Profusion, a hybrid from Malus sieboldii, and the garden variety, *lemoinii*. It has red-purple flowers, small but very deep red fruits, and leaves that are purple when young and become bronzy-green with age. It makes a neat, easily controlled tree and is very popular with nurserymen, all of which might lead one to suppose that there could be no improvement on it. But this does not seem to be so.

In W.J. Bean's four-volume *Trees and Shrubs Hardy in the British Isles* a crab-apple is mentioned named Liset, a third generation offspring from the same cross that produced Profusion, which is said to have flowers that hold their colour even better than Profusion. It is also said to be very resistant to scab, a fungal disease common to apples of all kinds which, when severe, is highly disfiguring.

I cannot recollect ever having seen Liset, and few nurseries in Britain appear to stock it, but exceptions are Hillier Nurseries, Ampfield, near Romsey, Hampshire, and Perryhill Nurseries, Hartfield, Sussex. Anyone who wants to experiment might like to try it.

My experts did not mention it but they did award high marks to Malus tschonoskii, a white-flowered Japanese crab-apple that has always left me rather cold. What is special about it is its autumn leaf colour, probably the only crab-apple worth planting solely for this quality. W.J. Bean gets quite lyrical about it, saying that the leaves "assume a wonderful autumn mixture of colours – bronze, crimson, orange, purple and yellow," but goes on to note that the fruits are almost non-existent.

Two other crab-apples met with my experts' approval: Red Sentinel and Malus robusta, the latter more familiar to gardeners as Siberian Crab, with the prefix Red or Yellow, according to the colour of the globular cherry-size fruits. All these Siberian and Siberian-related crab-apples make shapely trees of medium size, flower and fruit freely, and the fruits hang on long into the winter. Red Sentinel perhaps longest of all.

Yet, in spite of these good qualities and the fact that the Red and Yellow Siberian varieties have been grown in Britain for many years, only a few nurseries still stock them. Hillier and Perryhill are among them.

Also in the same Siberian group is Veitch's Scarlet, said to be the result of crossing Red Siberian with the very old dessert apple, King of the Pippins. It makes a great display, yet it is seldom seen. Even Hilliers does not appear to have it, but it can be obtained from Family Trees, PO Box 3, Botley, Hampshire, a small and rather difficult to find nursery with some unusual fruits. It is wise to get its catalogue before attempting to visit it, since this has a sketch map showing its location.

Arthur Hellyer

All the symptoms of spring

I DOUBT that you can hardly sit still. The Easter weekend has given you backache; chickweed is everywhere, in spite of those four days gardening before the office returned to life. Why not regain your impetus with a visit? Good gardens are made in response to other good gardens: in April you have a chance once again to get out there and look, buy and listen.

There are various ways of circulating. The simplest is the trip to the nearest garden centre to heave a few good-looking shrubs and flowering primroses into the car-boot; an alternative is to visit one of the *Yellow Book*'s gardens which, at this time of year, are full of daffodils and usually colder than you expect. The other is the circuit of little-known nurseries, ready to be looted before the rest of us wake up to this year's gaps.

I am a man for the nursery circuit. The Yellow Book of gardens has been overtaken in my life by the *Plant Finder* (its new edition appears in April): no other country has anything like it. From Rutland to Salisbury Plain, I have been there before you this spring.

I have cracked the *Plant Finder's* arcane codes; I have tracked down CCor and checked prices in WHan; I have harassed E-codes on the telephone; I have harangued a fee-paying public in WKif and decided to give a seller of Aquatics, Bogs and Marginals a wide berth.

Enthusiasts will recognise the symptoms. The *Plant Finder* still seems to be unfamiliar to many of you. It costs £9.99 from a bookshop and lists every plant in the catalogues of 500 nurseries in Britain. Each nursery has a code-name which is fixed on the road-maps in the back of the book; each area has a prefix (E for East, W for West). As you drive North in search for GCal (which is well worth it, up in Scotland), you can dream of your own retirements acronym: a nursery, perhaps, in the Central zone called Rare *Alpine Plants or Unusual New* Trees or perhaps one in the West Country selling American Novelty... you see the dangers of these dreams on the road.

You can also see the possibilities. Suppose that you want Jeffersonia Dubia, a five-star plant, much easier than reputed, with sky-blue flowers for shady places: you can visit SWas (at Hawkhurst in Kent) and, if it has sold out, you will still find dozens of other rarities, properly grown in garden soil without too much peat. Suppose you want Buddleia Lindleyana, another five-star beauty which is said to prefer conservatories, yet is happy with me after two winters on a south wall: try SStar (near Edenbridge, Kent). Better still, use the road maps and plan a circuit: SWas, SStar, SSie for contrasting ways of running a business or WWhan, CCbot,

CCor, for the same, further west.

I have plant-found Phlox Geddington Cross, unattested elsewhere, in the potting shed of a Mrs Dejardin while rain sluiced down near Oakham; I have been put in my place by a tax-lawyer who knows his climbing roses; and I doubt if the car-carpet will ever recover from the box of Eremurus which burst on the journey home from a S-code source. There are eccentrics in Somerset, more in Worcestershire and a Japanese Garden Company near Preston, Lancashire. Prices fluctuate wildly and casual callers are more welcome than anything which involves the Post Office. Often, the best things in the list will not be ready for another two months and mail order is out of the question.

Travellers, however, cannot be too critical: after 50 miles to SAxl or 1100 ft above sea-level to NHar, you have to buy something to make the journey worthwhile. Lists and handbooks cannot make rarities any more abundant and time and again, the stars of a catalogue will be in short, or delayed, supply. If so, it is worth asking for seedlings in the hope that the owner will sell off some of a batch of future alpine or herbaceous plants at a fraction of the cost of those which he will choose to raise in frames.

Last week, the wind blew cold round CBod in Wiltshire, but owner-manager Terry Baker assured me he was willing to sell just about anything which sprouted, beginning from late April onwards. He runs Rookery Nursery, Atworth, near Melksham, Wilts and has pulled in connoisseurs in the past few years because his stock is mostly unusual. It is so unusual that it is not all available at any one time, but if you delay your raid down the M4 until late spring, you will find him prepared to sell off young seedlings of worthwhile garden plants.

I wish that more nurseries would follow suit. They cannot care for everything which germinates and many of us would prefer to raise a dozen Gillenias from two-month seedlings, rather than buy one for the same price, wait for it to flower and then raise a dozen ourselves. Seedlings of perennials are a clearing gap in a market which is full of buyers who would shop in bulk for a new border but cannot afford such a number of plants at the right size, least of all when they have to transport them home with the dog.

Do enthusiasts practice what they preach? Perhaps they know better than to preach it: there are two plants, under the E-codes, which I have wanted since my schooldays: one among the Campanulas, another not far from the Anemones. At last, there is a way of rediscovering them from others who must have bought them, too, in early life. No doubt there are other early memories which you, too, want to hunt down: they are best kept secret to stop us colliding over one another's stock. This spring I like to think of shrewd gardeners, starting to plant-find around England with their dream plants on the brain to keep them quiet, unless they are ferns or heathers, and you may actually find them before I get there first.

Robin Lane Fox

هكذا من الأصل

COLLECTING

Classic cars slowly ease into gear

Both auctioneers and customers are proving cautious, says Antony Thorncroft

A rare 1927 H.E. 16/55 Four Seater Tourer which made £24,200 at Christie's sale at the Hurlingham Club last month

SLOWLY, WITH much trepidation, the sales season for collectors cars has been easing into gear. Christie's recently held a highly selective auction at the Hurlingham Club in west London of just 25 vehicles while Sotheby's offered 89 cars at the RAF Museum in Hendon.

Both sales are best forgotten. Christie's managed to dispose of only six lots (although buyers sniffed around after the sale and picked up cars through private deals), while over half the vehicles at Sotheby's, by value, were unsold. Obviously, however careful the salerooms were in selecting cars for auction, potential customers are even more circumspect.

The caution shown by the salerooms is understandable. Classic cars provided one of the great saleroom disasters of last year. They shared with Scandinavian pictures and second rate Impressionist art the distinction of often halving in price, or more, between spring and winter. Not all cars suffered this fate. The decline was concentrated on Ferraris, Aston Martins and Jaguars – modern sports cars that had experienced an equally remarkable price rise in the preceding five years. But when a Ferrari Lusso sells at auction for £400,000 in December 1989 and £170,000 a year later there is an obvious knock-on effect on other marques. The only consolation is that the same car was valued at £20,000 in 1987.

The story can be endlessly repeated: an Aston-Martin DBG worth £200,000 at the 1989 peak would now be valued at £65,000. The price of a Ferrari 246 GT will have tumbled from £100,000 to £35,000 in the past year.

The collector car market started to boom in late 1984. By 1989 dozens of new dealers – not all of them knowledgeable – had moved in to take advantage of apparently unending price rises, fueled by the fact that Capital Gains Tax is not usually payable on cars and that there is little to stop the company car being a vintage Bentley – or a Ferrari.

Some marques, like Aston Martin, rose ten-fold in value in five years as the new rich attempted to relive their youth by buying the fashionable sports car of the 1960s. At the same time classic cars flooded back to the UK from north America. Many sold from dealer to dealer. But as the recession started to take hold, the final customer suddenly became extinct. The speculators panicked; the market was flooded with cut-price vehicles; and only now has sanity returned.

The auction houses believe that the worst is behind them, but expect demand to be selective for the next few months, as the sales in March revealed. For the first sales of the year estimates were fixed at least 30 per cent below those prevailing a year ago. The sales also concentrated on cars of appeal to genuine enthusiasts rather than to the fly-by-night speculators.

This usually means pre-1939 cars which missed out on the most dramatic price fluctuations. A 1926 Bentley 3 litre, for example, might have increased from £35,000 in 1985 to £125,000 four years later and now fetch around £100,000. The average Rolls Royce has hardly involved during all the excitement: a torrent of RRs returning from the US has kept any price appreciation modest. A 1930s Rolls Royce 20/25, valued at up to £15,000 in 1985, might now make £35,000 on a good day.

The auction houses are also fastening on to cars with unique selling points. It is hard to think of a more distinctive car than the 1926 Rolls Royce custom-built for the Maharaja of Bharatpur for tiger hunting, complete with "fly up" front seats for speedy exit, opaque Purdah glass, powerful search lights and an extra klaxon to alert the scared cows. It failed to sell at Christie's auction but a deal was arranged privately after the bidding at £52,800.

Sotheby's hopes that some of its old customers, who sat on their hands looking bewildered when cars were creamed off by speculators, will soon feel able to bid again. They were expected to be interested in the 1931 Bentley 8 litre saloon, the model which drove W.O. Bentley to bankruptcy a year later, and to his takeover by Rolls Royce. Only a hundred such cars were built and this example was bought by the seller from "W.O." Prospective buyers were stunned by the changes to the bodywork, including the massively enlarged wings that the owner added to the vehicle, but so stunned that the anticipated bids around £220,000 needed to acquire the car were not forthcoming and a piece of automobile history returned to the garage.

Another car that would attract admiring glances at a motor rally is a 1934 Invicta 4½ litre, one of only 76 made. It carried a top estimate at Sotheby's of £180,000. Last year a similar vehicle sold for £200,000, confirming that anything for the serious motor maniac is still desirable. But the market determined that its price in March was just £154,000.

Pre-1914 cars is such a specialist sector that it has not been troubled by the speculators. The £20,000 estimate on the 1905 Humber will be unchanged on the year and the the 1914 Fiat Salamamca, with just three careful owners on its record, holds its forecast of £30,000. And anyone interested in the movies could have snapped up the 1919 Ford Model T Speedster featured in "The Great Gatsby" for £4,950. It was expected to make £6,000, and confirmed that classic cars are still a sector suffering from buyer stand off.

What price patronage in Britain?

IN *The Need to Give* (Sinclair-Stevenson, £16.95) the novelist Andrew Sinclair discusses patronage of the arts. The first six chapters of his book, nearly half the total, attempt a brief history of how art has been paid for throughout the ages. Competently summarised from standard sources, they march briskly from century to century, civilisation to civilisation, concentrating mainly on the Western tradition but with occasional excursions of a paragraph or two to China, the Arab world, and elsewhere. By the time he reaches the present century, the author's case has slowed, but the writing remains unfocused, too simple if you are already knowledgeable, unilluminating if you are not.

Only in the last 60 or 70 pages does he reach what is evidently his main point, a discussion of the role of patronage in recent and contemporary Britain. Besides public subsidy and private business sponsorship he takes into his discussion other forms of funding (*eg* of commercial television) which are undertaken for profit, as well as the more modest expenditure of individuals.

Patrons through the ages, Sinclair claims, have always felt the need to give to their city, their country, or to humanity. History, he asserts, demonstrates the evolution of the artist from paid workman through trusted servant to his present position of respect and independence. The artist is now "the most important member of society", a statement made more preposterous by the other claims that this view is demonstrated by his historical studies and that it now commands "general acceptance". Since artists cannot do what they want without money, he concludes, we the citizens should revise the tradition of arts patronage and not confine or divert our giving to charity.

Sinclair is not much interested in where the money comes from nor in the issues that this question gives rise to. It was easy to be magnificent when you had the power to extract labour, taxes, or rents from your fellow countrymen. Many of the monuments which Sinclair admires were constructed by slaves. In contemporary terms how far can it be right for a government to take money from those with incomes well below average in order to finance the minority pleasure in, say, grand opera, of a minority of the metropolitan upper middle classes? Is the purchase of contemporary paintings which Sinclair mentions with approval really the sign of a civilised society when they are bought from the profits of a multinational tobacco company?

Nor does Sinclair fully understand that diverting resources to one activity prevents their being used for other desirable purposes. He praises a Swedish Government decision of 1945 that all large new buildings should have one per cent of their cost diverted to sculpture and murals, implying that the British (who were at that time still clearing the rubble of war from the streets) should have been compelled to do the same. He welcomes the vast multimillion dollar Basilica recently built in the Ivory Coast with funds extracted from the starving inhabitants, 85 per cent of whom are not even Christians.

The author's own view of what is most valuable comes through in some of his comments – grand buildings, English country houses and their gardens, and hand crafts – he dislikes America, technology, youth. He appears not to realise that good art and literature must question and if necessary subvert existing values, not simply celebrate them; and that some forms of funding put this vital role at risk. One contemporary example which he quotes of an artist offending his corporate patron is dismissed as an unfortunate case of bad manners.

Indeed Sinclair does not seem to mind much what the money is spent on. Civilisation for him is more objects than ideas, culture is connoisseurship. And if you disagree with his values or are unwilling to stump up, that shows that you "need to be further educated". As a plea for more money, the argument in this book makes a change from the usual whinge for higher public expenditure subsidies. But essentially it is another example of confused special pleading, as likely to turn away true friends as to increase support.

William St Clair

PROPERTY

Survivors with bold plans

***John Brennan** looks at two ambitious developments in a confused market*

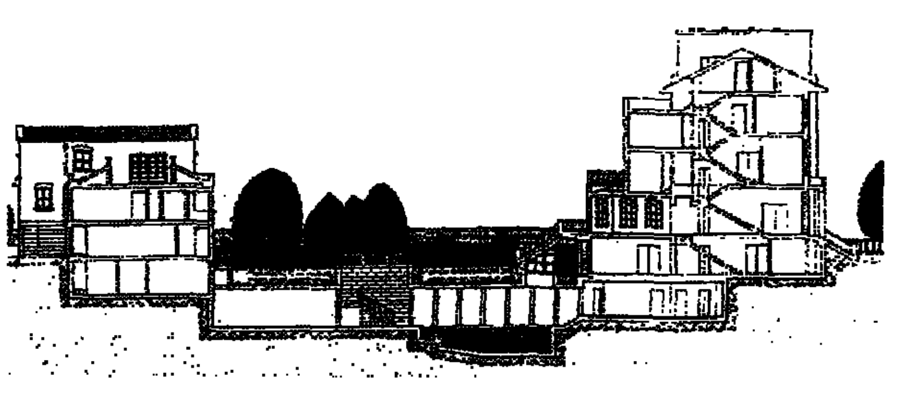
OVER the past 18 months the term "development opportunity" has become synonymous with phrases like, "no reasonable offer refused".

The normally enthusiastic array of small-scale residential developers had been replaced by one of two groups of people. In the corner with the smiles are those whose last scheme sold before the crash, and who, blissfully, did not manage to reinvest their sales proceeds in another shell for conversion. In the anxious corner have been those who outbid the competition to acquire a development opportunity. They have watched financing costs soar while prospective resale values slump.

In the past three months this picture has changed yet again. The cash-positive smilers are back out touring the wine bars and auctions for bargains. But few have yet translated this renewed interest into action. As for the formerly anxious site holders they, for the most part, have been elbowed aside by impatient lenders.

Foreclosing on one of yesterday's development opportunities is a thankless business, especially while the cash-positive scavengers remain window shoppers rather than buyers. In the past few months there have been a series of near-miss sales of large unconverted houses and sites in and around London. This high incidence of failures to complete is a function of the lenders' haste to get development property off their books once they have taken the decision to foreclose.

Bargain hunters are finding that their banks are just as sceptical about development schemes as the forced sellers. No matter how cheap the deal may seem, they still find that it cannot be financed. These hopeful but unsupported bids get as far as exchange stage partly because there is so little competition that many of the normally cautious purchaser-vetting processes have been swept aside in the rush to unload properties.



Rooms without a view: the unorthodox underground plans for Number 9, Tregunter Road, London. Right, Glasclune Castle, all yours for £65,000

This is particularly evident among those institutions which lent on residential property developments while taking advantage of the insurance cover against losses that was on offer in the ebullient pre-1988 market. All these fortunate foreclosers really want is to get rid of the property to establish a definable loss, make their claim against the luckless insurers, and close the account.

And yet, in among all the chaotic uncertainties a few determined souls battle on. John Hunter is one such serial developer nursing a development opportunity with a difference.

He formed Northacre Investments with Scandinavian financial backing and has successfully completed and sold his previous development projects, 15 flats and houses in west central London. The last sale, of a redeveloped house in Holland Villas Road, was completed last year at £4m. That is a record for the area achieved at a time when residential sales were so patchy and deep-discounted as to make it impossible to discern any real market.

Northacre only got out with its money intact on that deal. But it did not stop Hunter from taking advantage of the downturn by acquiring the 5,000 sq ft Number 9, Tregunter Road, SW10 for what in more expansive times would have seemed to be a knock-down £2m. Neither did it stop him from pressing ahead with one of the most ambitious planning applications ever entered on a London house.

Tregunter Road is a discreet set of deceptively huge family houses. It is an expensive neighbourhood that has attracted successions of single property developers producing homes for buyers ranging from Mark Thatcher to Middle-Eastern oil-wealthy owners, several pages worth of *Debretts* and several more from *Who's Who*. The Goldsmiths may live next door, but from the front you might be deceived into thinking that it's a modest, if generous, terraced town house.

The Chelsea-Fulham burglars know better of course, but Tregunter Road's wealth belt, and its overweighting of residents on first name terms with the Home Secretary, ensures that it is a high security area. It is also a road where developers need to tread with care, which is why Hunter's proposals stand apart from the average.

The house, and existing studio-house at the end, could have been polished up into two distinctive homes with a fence across the centre of the joining garden. That is what has happened along the row, and the results have been that the main houses sell in the £2m to £2.5m range, with another £1m or so for the property at the end of the garden. This did not seem to Hunter to make the most of the property. The fact that the house at the bottom of the garden faces directly into another road opened up the possibility of clearing the existing site and creating a far more dramatic change.

After ten months of negotiations Hunter won permission to remove and rebuild not only the garden-end house, but much of the garden as well. He plans to link both ends of the site with an under-garden swimming pool and sports hall, turning the two houses into an interconnected 12,000 sq foot, ten-bedroom mansion.

Having researched the top of the London housing market over the past year, Hunter concludes that houses and flats aimed at the multi-million pound buyers are being offered at around £1,000 a square foot but that they have being actually selling in the £600 to £700 a foot range. On that basis, the completed Tregunter Road mansion would command around £7.5m and, given its rarity value, Hunter's calculations might well be conservative.

All that leaves is the ticklish problem of how to turn a planning consent that does not disgrace the use of the term "unique", a pair of unmodernised houses and an undug 80-foot garden into this Chelsea giant. There will be a couple of million pounds of construction task, atop the site cost and funding charges. Although Hunter plans to start in July with a completion the following September, he is showing a sort-list of potential owners around in case any want the house tailored for them. If they do, the asking price until July – through joint agents Savills, tel 071-730-0822, and De Groot Collis, tel 071-352-1066 - is £3m plus construction.

In a strikingly similar vein, but at a distance in both miles and costs, Ian Cumming has both site and planning permission, but the missing ingredient of a pro-purchaser, for an equally dramatic residential development.

Glasclune Castle is the former home of the Blairs of Glasclune on a 5.5 acre site by a tributary of the Lornty, three miles north-west of Blairegowrie, 16 miles from Perth and 45 from Edinburgh. The building dates from around 1600 and was last occupied in the middle of the last century. What remains is a modest frame of the old stone building. Cumming has won agreement from the Historic Buildings Council and the Royal Commission of Ancient Monuments to carry out a partial restoration to create a five bedroom house using local stone, slate, oak and pine. That's a £300,000 task over two years for his Historic House Restoration business, but since he works on a cost plus basis, he reckons that there could be savings on that estimate. As this is no climate for speculative development he is offering to tailor-build for a pre-purchaser. The upfront cost is £65,000, direct from Cummins on 057-582-244.

Last of the big Spanish spenders

***Audrey Powell** visits two large home developments on the Mediterranean coast*

IN SPITE of the disappearance of much of the dominant British market for second homes on Spain's Mediterranean coast, two large schemes have recently started on the Costa del Sol.

In both cases land was bought and initial plans prepared before the recession in the UK property sector affected British buying in Spain. Work has continued, with the developers relying on other markets to fill the gap.

By far the bigger project is Alcaidesa, a joint venture by the British builder, Costain, and the Spanish construction company, Agroman. It is based on what they claim is the largest master plan for a residential development in Spain.

Some years ago Costain bought 4,500 acres of land on either side of the highway to Malaga, eight miles north of the Spanish border with Gibraltar. Two-thirds came from Spanish banks, which were only prepared to sell to a single buyer. Costain, anxious to enter the international leisure market, bought the land for an attractive price and then settled down to consider what to do with it.

IARA, the equivalent of Britain's Forestry Commission, bought and will maintain 2,500 acres of the land, a former safari park, although the company retains rights over it.

The hilly site is divided in two by the road. The 1,000 acre section on the coastal side is being developed first; the more rugged part on the other side will not be dealt with for several years.

The coastal section will include two of the planned three 18-hole golf courses, one of the two planned five-star hotels and up to 3,000 homes.

The theme is Andalusian – although the conceptual architects are Californian – and the intention is to form a self-contained community with each phase. There are to be small groups of shops and a shopping mall with space for 200 units, a college, hospital, church, parks and swimming pools.

Everything hinges on the master plan, a sort of Costain version of the Domesday Book.With this thick volume on his desk, Harry Allenby, the company's managing director, Spain, can tell you the landscaping for every metre of the land, the colour of tiles and shade of paint to be used on every house. Each species of tree to be used is listed.

After a three-and-a-half year wait for planning permission, work began last August on the first town houses which have two to four bedrooms, on two or three floors. They are being offered for sale from £110,000 and will be ready for occupation in May. There are some 118 houses, forming part of the beach front village of Loma del Rey.

There will be no apartments as Allenby feels there are enough on the Costa del Sol already.

Some 200 plots will be available for people who wish to have individual villas built. A plot of up to half an acre, with views of golf course, sea and the Rock of Gibraltar, will cost about £70,000. The total figure for a four-bedroom house, plot, swimming pool and landscaped garden could be £180,000, which Allenby feels compares favourably with properties on that part of the coast.

He says the company is deliberately making its pricing attractive. "We are going for very aggressive marketing."

Costain is also prepared to sell four to six-acre sites, with planning permission, to other builders who would like to come in on a joint basis, providing they follow the guidelines of the master plan.

The second sector will have a further 2,000 homes, the other five star hotel, a commercial centre, and a golf and country club. There will also be facilities for riding, clay pigeon shooting, hunting and hiking. Some of the section on this side of the road will be a wildlife park.

Allenby says the company will be offering the lowest density on the Costa del Sol, with only 47 per cent built and the rest green zone.

Details are available either from Costain in the UK, tel: 071-491-2525, or site sales office, Cadiz, tel: 956-10-11-88.

Adjoining Marbella's bustling Puerto Banus marina is another beachside project, the 17-acre Los Granados (The Pomegranates) on the Hacienda Los Granados estate.

There are 307 apartments being built with beach and tennis clubs, swimming pools and a beachfront promenade. Some of the buildings are only 30 metres from the sea but this is likely to be one of the last developments on this coast so close to the shore.

The *ley de costas* (coastal law) being operated in Spain rules that all new buildings must be at least 100 metres from the shoreline. Full planning permission for this project was granted before the law became operative, the developers say.

The first 105 units and the beach club should be completed by May. Half of these apartments have been sold, mainly to Spanish buyers, but the list includes Japanese, Swedish, Norwegian and French. Prices are from £200,000 to £1m. A show flat is open.

Los Granados is a Spanish/American joint venture, between Inmobiliaria Espacio SA and Kapro SA, a subsidiary of US insurance company Kemper. The parent company and owner of the land is Playas Espanolas SA, under the direction of Juan Miguel Villar Mir, a former minister of finance.

The project is financed by a Spanish savings bank and purchasers' money paid during construction is guaranteed by an insurance policy.

There will be three blocks of marble-faced one to four bedroom apartments, built on four floors and graduated so that each property has a clear view of the sea. Ground floor apartments have gardens and swimming pools and the three or four bedroom penthouses have heated pools and private lifts.

There is a control centre at the main entrance with closed circuit television and internal telephones to each apartment. An external fence has security sensors. Apartments are equipped with intruder alarms, panic buttons and reinforced front doors.

The development is bounded on the east by a river and will have extensive landscaped gardens. It will also have a commercial area with shops and offices.

Information is available from the site office, tel: Marbella 81-43-53.

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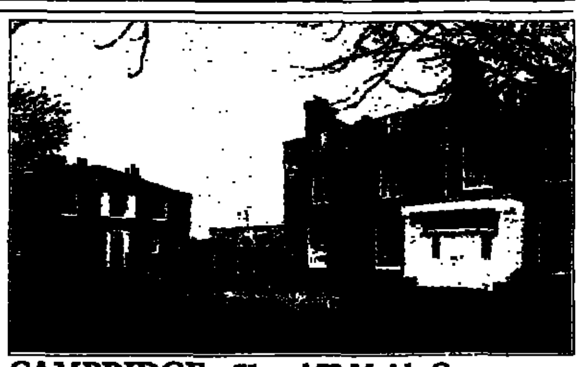

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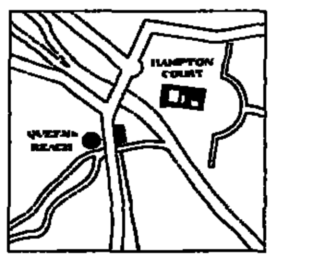
A mere few hundred yards from *Hampton Court Palace* is *Queens Reach*. An exclusive development of seventy five beautiful period style apartments nestling by the serene River Mole.

The spacious apartments, most of which have superb river views are designed for easy living. They are impeccably finished with meticulous attention to detail. Features include *mahogany double glazed windows; fitted* kitchen; elegant fireplace; en suite bathroom; independent gas central heating; passenger lifts; porterage; video entry phones; quality carpets throughout; and ample parking with garaging.

Prices range from £99,500 for the one bedroom apartments, to £285,000 for the truly magnificent penthouses.

Queens Reach is a rare opportunity to live in style in an idyllic setting. For viewing contact Quinton Scott.



QUEENS REACH
Creek Road, East Molesey

QUINTON SCOTT
081-946 9600/7700

DANCON

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South Lincolnshire

GREYSTONES
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Set in Extensive Grounds & Paddock in all about 5 acres
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Spacious 4 bedrm. accommodation.
Potential for private/commercial equestrian pursuits.
£160,000
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The only individually designed house in private ownership. Outstanding position overlooking rolling countryside. Beautiful gardens. Outstanding architecture. Full details. Brochure £5 (payable to Cancer Relief) subject to offers sought.

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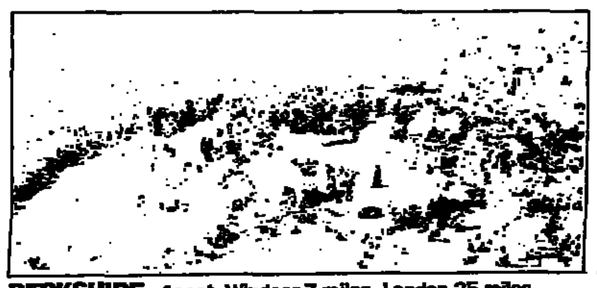
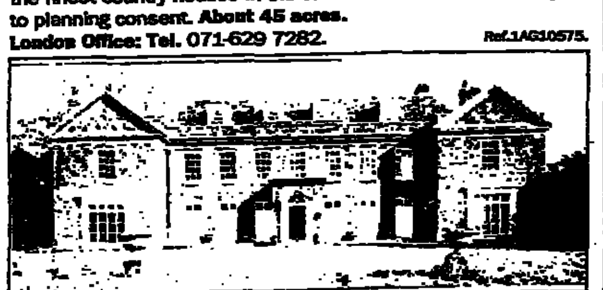


BERKSHIRE - Ascot. Windsor 7 miles, London 25 miles, Waterloo 30 minutes. **A magnificent residential site in a prime elevated location with far reaching southerly views and wooded grounds.** *Derelict mansion house (18,000 sq. ft.), lodge, stable block and grooms cottage.* Suitable for restoration into one of the finest country houses in the area or alternative uses subject to planning consent. **About 45 acres.**
London Office: Tel. 071-629 7282. Ref.1AG10575.



ESSEX - Alresford. Colchester 6 miles, Liverpool Street 50 minutes. **A magnificent Queen Anne country house in an outstanding parkland setting.** 5/6 reception rooms, 8 principal bedrooms, 3 bathrooms. Lodge cottage. Parkland, woodland and farmland. **About 56 acres (further 150 acres available by separate negotiation). As a whole or in 2 Lots. Joint Agents: Fenn Wright Spurlings, Colchester: Tel. (0206) 764499. Strutt & Parker Chelmsford Office: Tel. (0245) 258201.** Ref.2BC7693.

KENT - Chilham. Canterbury 6 miles, (A2/M2) 4 miles. **A comfortable Georgian house set within a wonderful garden and protected by unspoilt countryside.** 3 reception rooms, 7 bedrooms, 3 bathrooms, dressing room. Annexe of 2 reception rooms, 2 bedrooms and bathroom. Brick coachhouse, tennis court. Landscaped gardens and orchard. **About 6 acres. Offers invited. Canterbury Office: Tel.** (0227) 451123. Ref.8CC3237.

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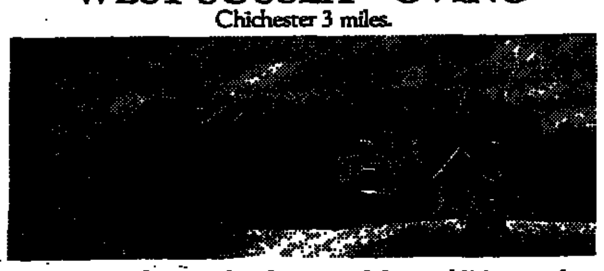
CLUTTONS
WEST SUSSEX – OVING
Chichester 3 miles.



Early 19th Century farmhouse with later additions and views over open farmland to Chichester and the South Downs. Requiring improvement.

Hall, drawing room, dining room, study, kitchen, further domestic offices, principal bedroom *suite with dressing room, 6 further* bedrooms and bathroom, extensive cellars. Swimming pool. Traditional farmbuildings. 2 paddocks.

In all about 4.7 Acres.

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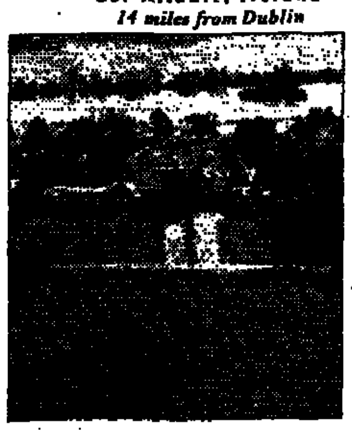
FOR SALE BY TENDER ON 30th APRIL, 1991
Unless previously sold
In 3 LOTS

LyonsDemesne
Co. Kildare, Ireland
14 miles from Dublin

LOT 1 Entire 600 acres
LOT 2 Main House, All Buildings, Gardens Lake on 400 acres
LOT 3 200 acres grassland



Magnificent Georgian mansion built c. 1800.

Other buildings consist of three lodges, modern two-storey house, stable yard and outhouses.

Situated on c. 600 acres of good farmland/parklands/formal gardens and lake.

View by appointment with agents.

Solicitors: William Fry, Fitzwilton House, Wilton Place, Dublin 2.

HASSETT

Langley-Taylor

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Dunning 1 mile Gleneagles 5 miles Perth 8 miles
Edinburgh 46 miles Stirling 24 miles Glasgow 45 miles

A LISTED GEORGIAN COUNTRY HOUSE OF CHARACTER WITH SPACIOUS WELL-APPOINTED ACCOMMODATION SITUATED WITHIN A DESIRABLE AND ACCESSIBLE AREA.

Accommodation:-
3 Reception Rooms, Exceptional Fully Fitted Kitchen with AGA and Breakfasting Room, Study, Playroom/Bedroom 7, Master bedroom with Dressing-Room, 5 Further Bedrooms, 3 Bathrooms, Usual offices.
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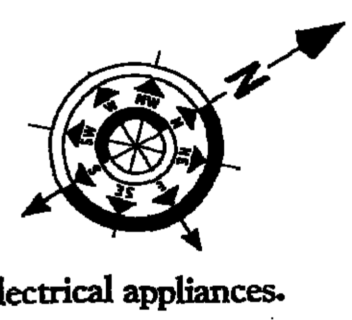
- Balconies overlooking the Thames.
- City within 30 minutes.
- 1, 2 and 3 bedroom apartments from £99,950.



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SPINNAKER COURT, HAMPTON WICK, KINGSTON-UPON-THAMES

For appointment to view please telephone 081 943 4416.

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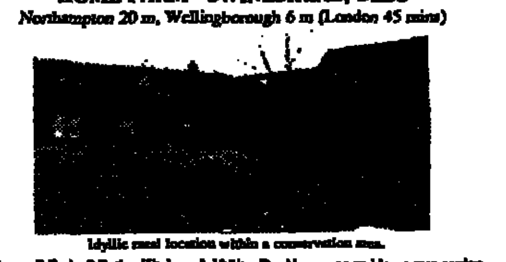
HOME FARM - SWINESHEAD, BEDS
Northampton 20 m, Wellingborough 6 m (London 45 mins)



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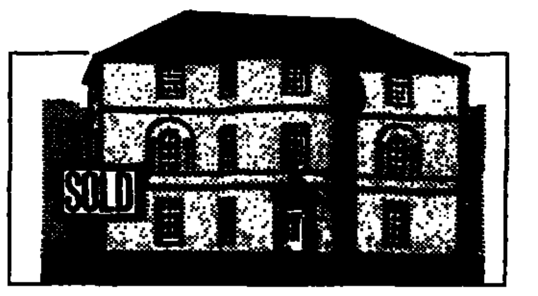

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To advertise your property in the Saturday property pages, simply complete the coupon below and return it to: Dawn Bedwell, Residential Property Advertisement Department, Financial Times, Number One Southwark Bridge, London SE1 9HL.

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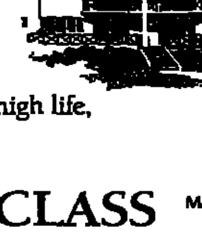

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(Billingshurst 4 miles, Horsham 10 Miles, London 52 miles)
A delightful family house in a quiet rural location.
5 Bedrooms, 2 reception rooms, 2 bathrooms, study, kitchen/breakfast room, cloakroom, utility room, conservatory. Gardens, garaging, workshop, stable and paddock. About 11 acres.

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(Pulborough Main Line Station 2¾ Miles, Horsham 12 miles)
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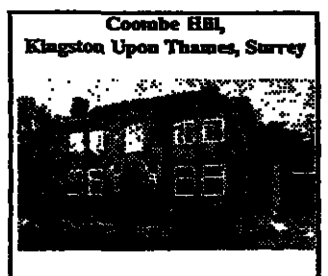

A charming detached house in exclusive private road yet within 2 minutes of A3 with good access to town. Stylish interior, master bedroom with ensuite, 3 further bedrooms, family bathroom, large drawing room, dining room, fitted kitchen/breakfast room, utility area, pretty gardens. SOLE AGENTS.

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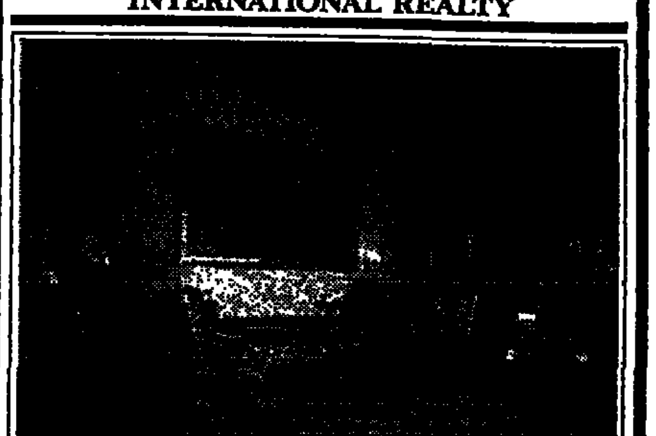

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MOTORING

'Bright fog' and crashes

WAS A cause of the recent multiple crash on the M4 really motorway madness, whatever that means, or failure to take into account a meteorological phenomenon familiar to the world of aviation? *Writes Stuart Marshall.*

Reader Jack Karran said he understood the pile-up occurred in what air traffic controllers knew as "bright fog condition" – shallow fog with sunshine above.

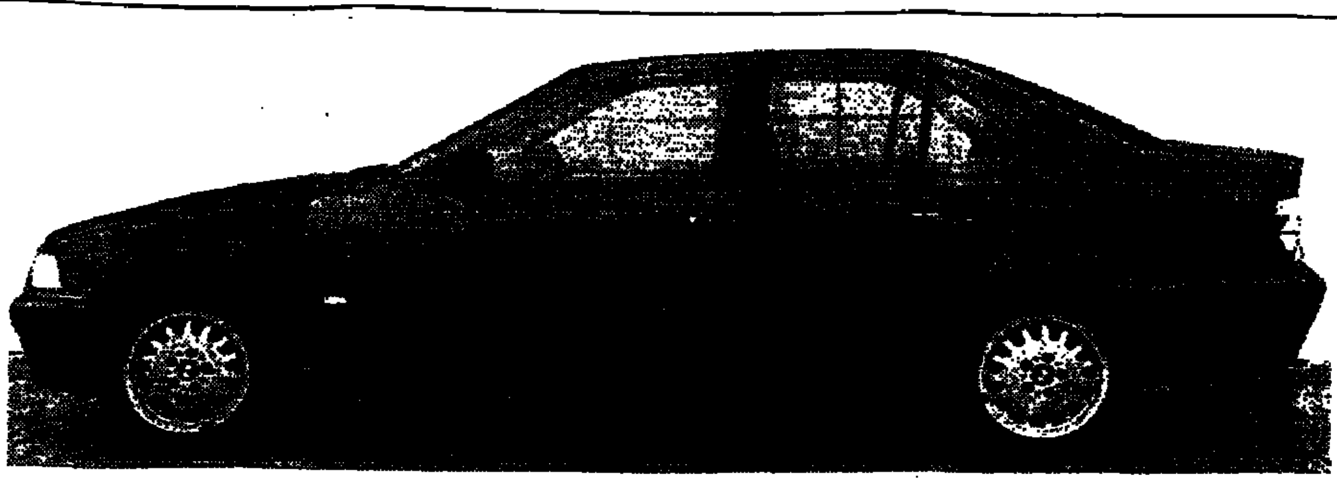
"Normally, the visibility of vehicle lights is twice or more that of the vehicle itself. Under bright fog conditions the lights give little if any extra visibility. If there is patchy cloud above the fog, the effective visibility can be halved in seconds.

Karran believes this phenomenon was a factor in the M4 multiple accident and that the police were unaware of it. (The police had not switched on fog warning signals, saying afterwards that the presence of fog would have been obvious to any driver).

"With the road markings used, it is unfortunate that the faster you drive on a motorway in fog, the easier it is to steer . . . because the stream of information giving the clue to lateral deviation increases with speed. If, however, the driver has to swerve, this guidance is suddenly lost and he is highly likely to lose control. Unfortunately, drivers tend intuitively to equate ease of steering with visibility."

Karran thinks it naive to believe that motorway accidents could be avoided through driver education. But is sure interactive video should be part of the driving test. There are so many things a driver needs to know which can not be covered in a conventional test. Interactive video had revolutionised training in many fields. Karran hopes to see simulator training soon, at least for drivers of heavy vehicles. Years ago, he vainly urged the authorities to put cabling ducts in new motorways to make it easy to install comprehensive signalling.

Would warning signals have prevented Hungerford? From the way many motorway users simply ignore them, the answer has to be probably not.



Small and smooth: the sleek low bonnet, high tail styling make the BMW 3-Series look bigger than it is

Things go better in 3s

***Stuart Marshall** tries the grown up BMW 3-series and is impressed*

CARS ARE like children. One is always surprised how quickly they grow up. Look at the BMW 3-Series, due in British showrooms in two weeks and you will see what I mean.

The first small BMW – the 2002 of more than 20 years ago – was a sporty little two-door saloon, so compact that even BMW often described it as a coupe. It was succeeded in the early 80s by the first of the 3-Series, slightly larger but still only a two-door.

Four-door versions followed. Now the third generation BMW compact has been introduced purely as a four-door. Buyers who insist on a two-door body will have to wait some months.

It is a different kind of car; bigger than the last one, quieter, more fuel efficient and, of course, dearer. I see it as closer to a scaled down BMW 5-Series than a direct descendant of the old 3-Series and the original 2002. BMW says it is more mature, just like the customers for whom it has been designed. It's fair comment. A compact four-door saloon with the blue and white quartered badge on its bonnet has as much prestige as a far larger car of a less distinguished marque.

Buyers have the choice of 1,596 cc, 100 horsepower or 1,796 cc, 113 bhp four-cylinder engines, or a pair of in-line sixes with 24-valves. The 1,991 cc six produces 150 horsepower, the 2,494 cc version 192 bhp. Every new 3-Series has a catalytic converter. A five-speed manual gearbox is standard, a four-speed automatic an optional extra on the four-cylinder cars, a five-speed automatic on the two sixes.

At first, only two models will be available in Britain - the 318i (£15,285) and 325i (£21,695). By summer, the 316i (£14,250) and 320i (£17,950) will have arrived. Special equipment, manual gearbox versions of the six-cylinder cars will be £19,190 (320i SE) and £22,615 (325i SE).

Four-speed automatic transmission is nearly £1,200 extra on the 316i and 318i, the five-speed automatic another £1,300 on the 320i and 325i. At all-in prices of £23,910 for the two-pedal 325i SE, one really has to call it a pocket luxury car.

I have driven just about every BMW made in the last 30 years, from the original 1,800 that started the marque's postwar renaissance to the latest V12 engined 850i super-coupe. Some approached perfection; none was less than enjoyable though one or two – they were not recent models – needed watching if pushed hard on wet roads.

When I drove two of the new 3-Series 500 miles (805 kms) the weekend before last, Scotland was at its best. Spring's softness was in the air and snowy peaks shone dazzlingly in almost Mediterranean sunshine. Even Glencoe, a sinister place in mist and rain, looked like one of those impossibly colourful photographs in a holiday brochure.

For a motorist, one of Scotland's joys is that for most of the year, the highland roads are as traffic free as country lanes were in the south east 30 years ago. They are well maintained, too, encouraging local drivers not to hang about.

From Glasgow airport to Fort William I drove a five-speed automatic 325i. Whether cruising on dual carriageways or going more gently on the switchback minor roads overlooked by Ben Nevis, it offered everything a large executive saloon might except bulk. The suspension of this modestly sized car is superb. Although the ride is completely shock absorbent, the 325i also has lithe handling that will please drivers who feel bound to try to maintain motorway speeds on winding roads.

Nothing disturbs it. The fat, low profile Michelin MXV2 tyres give instant steering response. They grip so well no-one could responsibly explore the car's cornering limits on public roads. Yet they neither thump on bumps nor roar on coarse surfaces.

Engine noise is subdued until you put your foot down hard for a burst of acceleration to overtake. This makes the transmission jump straight from fifth to third and the 2.5 litre six raises its voice as the tachometer needle swings round dial.

Next day, I drove a 318i with manual transmission for over 300 miles. In no way was it an anti-climax. With 113 against 192 horsepower, there was less obvious muscle. But, even by BMW's high standards, the gearbox was delightful and the clutch as light as one finds in small-engined Japanese cars.

The engine was so quiet and silky that several times I found myself looking at the tachometer to check whether I was in third or fifth. Normally, I see little point in letting engines spin up to high revolutions during normal road driving. Nor is it really necessary in a BMW 318i. Overall gearing is fairly low and there is so much low speed torque (pulling power) that it will accelerate smooth ly in fifth gear from as little as 30 mph (48 kmh). But giving the engine its head and letting it soar up to 5,500 – 6,000 rpm in the gears on hills was pure pleasure.

Inside the 3-Series the ambience is of quality and quiet good taste, with fingerlight minor controls, firmly comfortable seats and clear, easy to read instrumentation. It is amply big enough to carry four adults and the boot is of realistic size.

BMW claims class-leading safety standards and says a 3-Series exceeds regulatory crash protection standards at 35 mph (56 kmh) instead of the officially laid down 30 mph (48 kmh). Fortunately, I must also take on trust its low speed crash resistance. The bumpers are said to survive 2.5 mph (4 kmh) impacts unmarked. At up to 9 mph (14.5 kmh), cheap and easily replaced crumple tubes with hydraulic dampers take the shock of a collision and structural damage is avoided.

Servicing costs, a sore point in the past with BMW owners, are said to be marginally lower for the four-cylinder models, more than 15 per cent down on the six-cylinder cars.

Smaller, it seems, may really be more beautiful for company car users if they drive a BMW 3-Series.

AS THEY SAY IN EUROPE

Why east is east and west is west

"THERE IS much talk that not enough leading managers get involved in the restructuring and rehabilitation of the new federal states. Detlev Rohwedder was one of the first who made himself available for this great national task. Like many others, he contributed his share to the free social market system in all of Germany. Thus he was a patriot. His death is a cruel sacrifice for Germany."

The *Frankfurter Allgemeine Zeitung* linked the killing of the head of the *Treuhandanstalt* with the other murders of leading industrialists by terrorists. But Rohwedder was different in that he was a living symbol of the continuing division of Germany. He was voted "Manager of the Year" by *Industriemagazin* of Munich, while *Der Spiegel* in Hamburg said he was the man "most hated by the east German working class, the bogeyman of managers and investors."

Treuhandanstalt has found itself in an impossible position, restructuring an economy with a fixed and overvalued exchange rate where few enterprises are competitive at any rate.

Not surprisingly, Rudyard Kipling gets a certain amount of attention in the German press these days. "East is East and West is West . . ." is frequently misquoted as the Germans plunge more deeply into one of their regular bouts of *Angst*. But today in the west it is often laced with a certain amount of impatience.

In the *Süddeutsche Zeitung* last week, Franz Thoma remonstrated fiercely with his countrymen from "over there". He started off by pointing out that the demonstrations *à la* Leipzig could only lead to a further deterioration in the investment climate. "For demonstrations and strikes can produce no competitive goods, no modern factories and no stable jobs." Thoma added that no trade union boss, bureaucrat or party functionary could provide any of those goodies – only entrepreneurs. But his real wrath seemed to be directed at those westerners who failed to instruct the "Ossis" or Easties in these realities. Thoma remarked that Franz Steinkühler, the head of IG-Metall, knew quite well that no cars could be produced in Zwickau or Eisenach, the homes of the Trabant and Wartburg, until VW and Opel had set up there – and that would not be until the end of 1992.

Not surprisingly things look quite different when seen from the old GDR. The *Berliner Zeitung* is still published in east Berlin. Peter Pragal, under the headline, "Destroyed Illusions," recalled that it was about a year since the eastern Germans were called on to vote in their first free elections after 40 years of dictatorship. "The Ossis voted for the West-CDU and its top man, Helmut Kohl – propelled by the hope for a rapid drive to German unity and, with it, full participation in the perceived prosperity." Pragal argued that east Germans had shown themselves astonishingly capable of change. "The West Germans needed much more time after the war to overcome their ingrained tendency to an authoritarian approach."

Thoma replies that the Ossis must get proper qualifications. "But here," he continues, "One comes up against the phenomenon that the people over there are used to being told what to do and want to be led by the hand, on account of which the calls grow ever louder for not 'only' money but also active involvement on our part."

The gulf between the two sorts of Germans has become a familiar part of the unified scene:

"Der Ossie sagt zum Wessie: Wir sind ein Volk. Der Wessie sagt dem Ossie: Wir auch."

"The Easty said to the Westy: We are one people.

The Westy said to the Easty, We are also."

I liked the comment of the Danish Conservative daily, *Jyllands-Posten*: "The regime in the East had lied about East Germany's abilities and the problems have shown themselves to be greater than anyone could have envisaged. Kohl is being accused of lying because the catastrophic realities have undermined his promises . . . the responsibility for the rot lies with the regime that has been removed and its 40 years of mismanagement." Socialists have been running Denmark for most of the past 40 years.

■ ■ ■

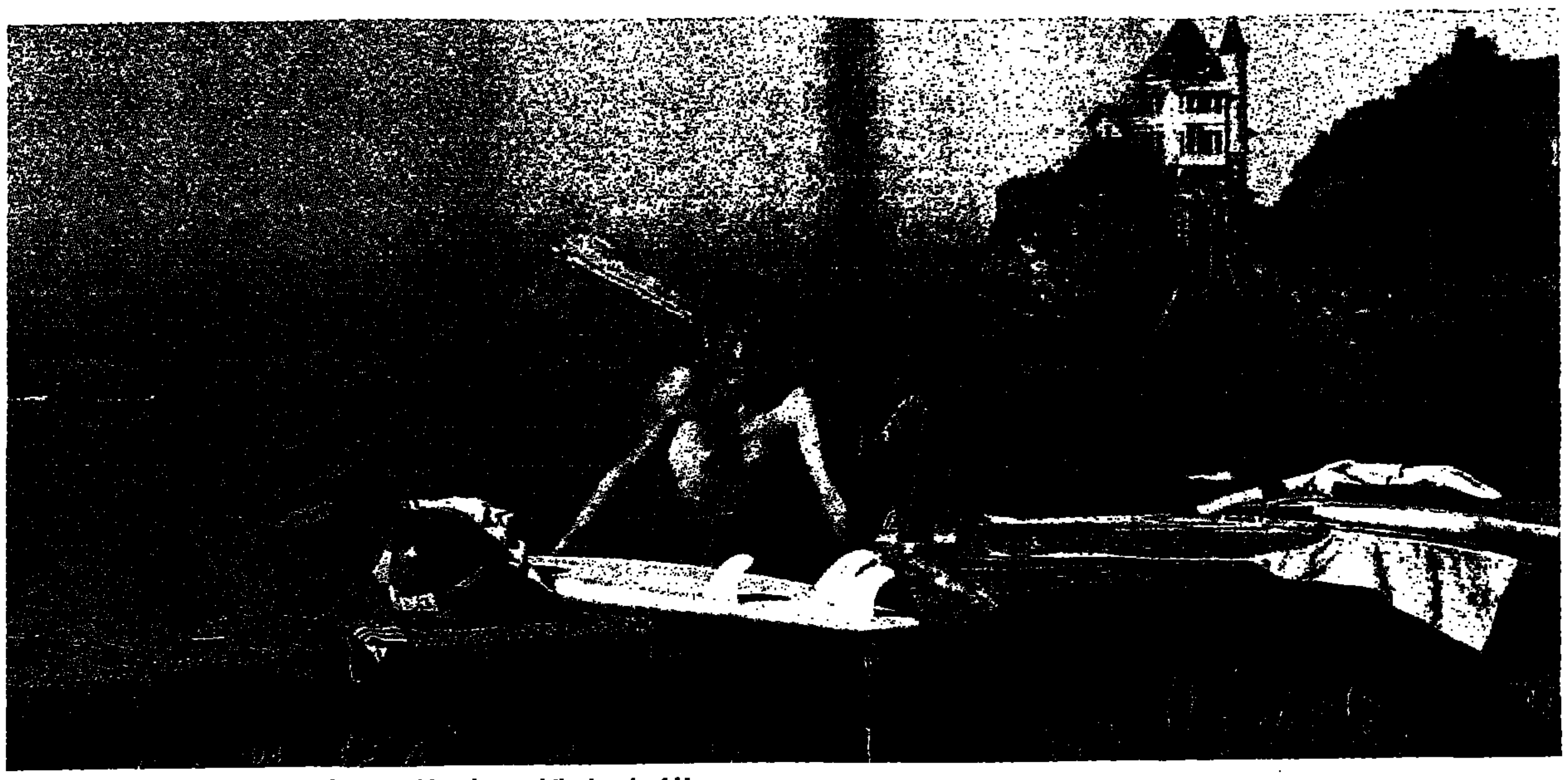
The Danes have helped in the fabrication of what one has to call foreign English, the kind one finds in an extreme form on Japanese T-shirts as in "After Shave Downside Beeper." But it is the Germans who do it best. A phrase such as "Computer hobby playboys" is more readily understood in Cologne than Coventry. There was a prize example in *Süddeutsche Zeitung*. A company in Hanover called "Royce-Residence" started an advertisement with the words: "It's a service time for business and happy hour . . . Chateau VIP service international. Management and consultation co-operation." I shall leave you to guess what it's all about.

On the subject of funny translations, look what happens to Chris Patten, Tory Party chairman, when he gets into the German papers. In *Die Welt* he becomes "president of the ruling party." But *Die Zeit* has scarred my view, sorry, perception, of him: "John Major's chief liberal-conservative theoretician and Party General Secretary, Chris Patten."

James Morgan

James Morgan is Economics Correspondent of the BBC World Service.

TRAVEL SPECIAL – FRANCE



King Farouk took the waters here: the king of beaches and the beach of kings

A regal place to relax

*Water works wonders on **Nicholas Woodsworth** as he takes a swanky cure in Biarritz*

BY THE time I finished dinner at the Ibarboure Brothers, I felt like King Farouk, obese and whalelike. Something had to be done. I couldn't blame it all on Martin and Phillipe Ibarboure, but I could try. At their elegant restaurant hidden in the woods on the Pays Basque coast, the style is definitely not *nouvelle cuisine*. These people believe in *eating*.

I had begun with *picillos farcis*, spicy red peppers stuffed with creamed anchovies, black olives and chestnuts. I then moved on to *encornets*, baby squids filled with caramelised pig's trotters and drenched in a sauce of their own ink. Next was a *magret*, breast of duck served with an orange and pepper sauce. And so the courses went. By the time the cheese trolley came round I was reeling. By the time desert, *le palet glace aux oragnes fraiches confit*, had come and gone, I was ready to mend my ways.

I decided to do just what the over-fed Farouk had done 40 years before – install myself in nearby Biarritz, the beach of kings and the king of beaches, and take the waters. What could be better than crisp sea air, the invigorating Atlantic and a little toning up?

The next day I checked into the Miramar Hotel, one of Biarritz's swankiest watering holes. From a bedroom that overlooked the wide, curving beach that fronts the town I dropped by lift a few minutes later into the curious world of the Institute of Thalassotherapy. This is the place, say the 10,000 curists that pass through each year, where water works wonders.

Thalassa is the Greek word for sea, and thalassotherapy is the modern, and also ancient, practice of using sea water to heal the body of a host of ailments – aches and pains, stiffness, rheumatic complaints, muscular trauma, stress and fatigue.

Sea water and human plasma, so it seems, have remarkably similar chemical properties. The theory is that when sea water is heated to precisely 36 degrees – blood temperature – pores open and all sorts of mechanical exchanges, ionic, mineral and otherwise, take place between body and sea. The sea, in short, gives you some of its zest, and who is not in need of zest?

That is the theory. Put into practice at the Louison Bobet Institute, one of 43 centres scattered up and down the French coasts, thalassotherapy resembles no other form of health-and-improvement initiative I have ever undertaken.

Dressed in nothing but a bathrobe, I wander around in what seems to be half Greek temple, half hospital of the type you will never get on the National Health Service. Everything is relaxing, comfortable, almost soporific. There are marble columns, spot-lit friezes of Greek gods and goddesses, back-lit aquariums where bubbles rise gently through schools of small fish. Scattered here and there are modernistic work stations where uniformed nurses sit busy over computer screens that glow a dull green. And through it all wander scores of men and women, some of them young, most middle-aged. Is there something about being dressed in bath robes that encourages hushed tones? It is an odd atmosphere, spotless, highly professional – and somewhat mysterious.

In my hand I hold a plasticised card, my timetable for the afternoon. A little bit nervously, I read it again. It says: 3:20 – Multi-Jet Bath – Dominique. 4:00 – Pressure Shower – Annie. 4:40 – Underwater Shower – Danielle. 5:00 – Algotherapy – Marie.

Just what are these women going to do with me? The answer comes soon enough. Dominique, my hydrotherapist, is a competent and cheerful supervisor. "Take everything off and climb into this," she says, indicating a shiny enamel contraption where lights wink and gauge needles tremble. Dressed in white, Dominique inspires confidence. I take off my robe and climb in.

It may be called a multi-jet bath but it is more like a fast-cycle washing machine. *"Ça va bien?"* says Dominique sometime after the sixth cycle. She brings me back from a drifting sleep. *"Formidable."* I reply.

Annie is not so easy on me. The *"douche a pomme"* turns out to be a sort of riot control hose. Thankfully, the underwater shower is a far gentler affair. Danielle, manipulates an underwater nozzle over me as I lie in a deep bath. Tendons in hands and feet, ligaments in shoulders and knees, all come in for a deep, penetrating massage. I ask Danielle if she has ever taken thalassotherapy herself. She would like to, she says. Bending over tubs all day gives her a sore back.

My last treatment is a gooey one. Marie puts me face down on a table and paints my legs, buttocks and back with stuff that is a sticky bright green. It is made of dried seaweed powder and seawater. Fifteen minutes later, semi-conscious and the colour of baked spinach, I have to agree with Marie: I feel no stress.

Finally, with the day's treatment over, I sit back with a *tisane* and look out over the sea and France's most intriguing seaside resort. If the Russian revolution had never occurred, if kings still ruled in Serbia and *infantas* were the common thing in Spain, women would probably not be painting men green in Biarritz today. Thalassotherapy is the product of a democratised society, the practice of hard-working executives and professionals who live with stress and agitation. When almost 150 years ago Biarritz began welcoming guests from all over the world, there were no facilities to handle stress. The royal families, the aristocracy, the high and mighty that came here, did not have stress; they had fun.

After the 1850's, Biarritz was so much in vogue as a summer resort for the blue-blooded that there was a housing squeeze on palaces. Flaubert, Hugo, Stendhal and other men of letters were a dime a dozen. Metternich intrigued here; Queen Victoria took afternoon drives; Otto von Bismark almost drowned.

The visitors played golf, polo, rode to hounds, gambled away fortunes, attended balls and of course took the waters on the *grande plage*. And they built houses. Biarritz is littered with palaces, villas, grand hotels and follies of every conceivable style and taste.

Today this anarchic charm remains, but it is somewhat cracked and faded. An ever smaller family, the aristocracy of Europe has been replaced in Biarritz by a different, ever-larger family – the salaried holiday-makers who invade the beaches of Europe from the Algarve to Rhodes.

It is, nonetheless, a regal place to while away the summer days. If the Atlantic swells that hit the *grande plage* are now dotted with surfers in brightly-coloured wet suits, they are no less impressive for it. And the roulette tables still turn. As I slip into clothes once again, I contemplate an evening's entertainment. What did King Farouk do after he took the waters? He went to the casino, of course. With luck, I might win enough money to visit the Ibarboure brothers again.

■ *In Biarritz Nicholas Woodsworth stayed at the four-star Hotel Miramar, tel: 59.24.20.80. His course of thalassotherapy was offered by the Louison Bobet Institute of Thalassotherapy, tel: 59.41.30.00.*

He travelled to France with British Airways, which has flights to Paris 10 times a day and regular flights, at least once a day, to Bordeaux, Toulouse, Lyon, Marseille and Nice. BA's Eurobudget economy return fare London-Paris is £246, and its Apex 14-day advance fare £107. London tel: 081-897-4000. In Paris Nicholas Woodsworth was a guest of the Hotel Plaza Athénée, tel: 47.23.78.33.

■ From Page I

tubs of brine-seasoned olives. They give off a rich fruity smell; for those not used to it, it is almost overpowering.

Yet I manage to keep my head and stomach long enough to meet stocky, grey-haired Denis Floret. His hand, when I shake it, is all creases and callouses. As it is for 600 other Nyonsais farmers, the co-op is his second home. Would he tell me something about Nyons and its olive trees? Denis Floret has been growing olives for 45 years; he would prefer to show me.

High on a plateau overlooking the tower, spire and red-tiled roofs of Nyons, we walk his 40 hectares of orchards and groves. We look at olive trees and their leathery leaves, dark, glossy green on top, a creamier colour on their undersides.

When I talk of the Provence most visitors know better, the Provence of swimming pools and evening concerts, Denis Floret laughs. Like everyone else here, he grew up without indoor plumbing. When he began farming with his father, the family larder was stocked almost exclusively with what could be grown or shot. In his grandfather's time, barter was as common as currency; goods and services, state taxes and church tithes could still be honoured in olive oil, the only wealth many of the local peasants had. The 20th century has been hard on Nyons. In the last 70 years it has been devastated by three severe winter freezes. More than 1m olive trees grew around Nyons in the 1920's; less than a quarter survive today.

But my host tells me that Provence has never been a generous place. It is harsh and its people have always worked hard to make a living. There is little water in the sunbaked summers. There are droughts, blights, winds, hail and water feuds. If villages were crowded around a fortified hilltop château, it was because brigands, strangers and foreign armies made life precarious.

What we as tourists find innocent and charming today was insecure and chilling yesterday. After a few hours with Denis Floret, concerts, recitals and the life of the urban sophisticate seem distinctly less central to the life of Provence.

Olives, vines, apricots, lavender, honey, silk-worms, herbs, goat cheese – these are the the things that for centuries have been wrested out of the hills that surround Nyons. For the next few days I walk or drive about, looking at these things as they grow or are made, with slightly different eyes. These are all strong traditions, and show no sign of disappearing.

I also enjoy the things that people here enjoy. On the main square in Nyons, I drink *pastis* and watch Sunday afternoon games of *boules*. What I like doing most, though, is going to the local markets, where olives are given due respect. Here, along with a dazzling array of regional produce, scores of huge tubs are laid out. They are brim-full with olives of all sizes, colours and odours, and marked with their style of preparation – spiced, peppered, *aux herbes*, anchovy, sweet, *aux citrons*, à la provençal or Niçoise. I make a mixed selection, whatever takes my fancy, and – carefully watching for pits – munch my way through one of the better festivals of Provence.

TRAVEL SPECIAL – FRANCE

THE GREAT problem of the traveller in France is one of choice. There are few countries that offer such a variety of climates, countrysides, cultural attractions, regional flavours and local character.

Choice of accommodation can give you more than a moment's pause for thought. In the guidebooks the visitor is likely to be using there are vast lists of every type of accommodation imaginable, but you cannot always be sure of finding exactly what you expected.

If you have lots of time you can put your car on the ferry, head for the open road and wander about until you find what you like. Most people don't have that much free time. You can also have a shot at letting one of the mass tour operators organise a standard holiday package for you, if you don't mind risking a Costa del Sol-style holiday.

What are the alternatives if you are not sure of the accommodation, kind of holiday or region that would suit you best? You might start with the French government tourist office in London (178 Piccadilly, W1, tel: 071-491-7622), which has lists of approved accommodation ranging from simple bed-and-breakfast to summer-long, private house rentals.

Similar information can also

TRAVELLER'S GUIDE

be obtained from numerous guidebooks devoted to luxury accommodation, to farm, village, beach and mountain holidays, and to touring by car. In London, both Dillons (071-636-1577) and Foyles (071-437-5660) have large travel sections.

The best step, though, might be to consult one of the growing number of smaller specialised tour companies in Britain providing tailor-made holidays. You may pay a little bit more for the service, but unlike the mass market travel agencies these operators know just what they are offering. In almost all cases they have carefully toured the areas they specialise in and inspected hotels for quality, character and service.

Most important, they can offer you flexibility and freedom of choice. One such company is French Expressions (071-794-1480). Organising self-drive holidays around small hotels of out-of-the-ordinary character, *its* packages include car ferry transport (or car hire if necessary), and hotels of usually no more than 15 to 20 rooms.

Be prepared, on a 10-day holiday of this sort, to spend about £500 per person on transport, accommodation and breakfast – meals, which can be pricy at good restaurants in France, will cost more. French Expressions and similar companies can provide half-board accommodation – a four-course menu, rooms with TV and private bathroom – for as low as £25 per person per night; four-star, half-board accommodation costs around £80.

On any kind of holiday, France is an easy place to get around. While the French may not be as conversant in English as the Germans and Dutch, they are used to visitors; France, after Spain and Italy, receives the greatest number of tourists in Europe. A few "do's and don'ts" can help to avoid the worst problems of over-crowding:

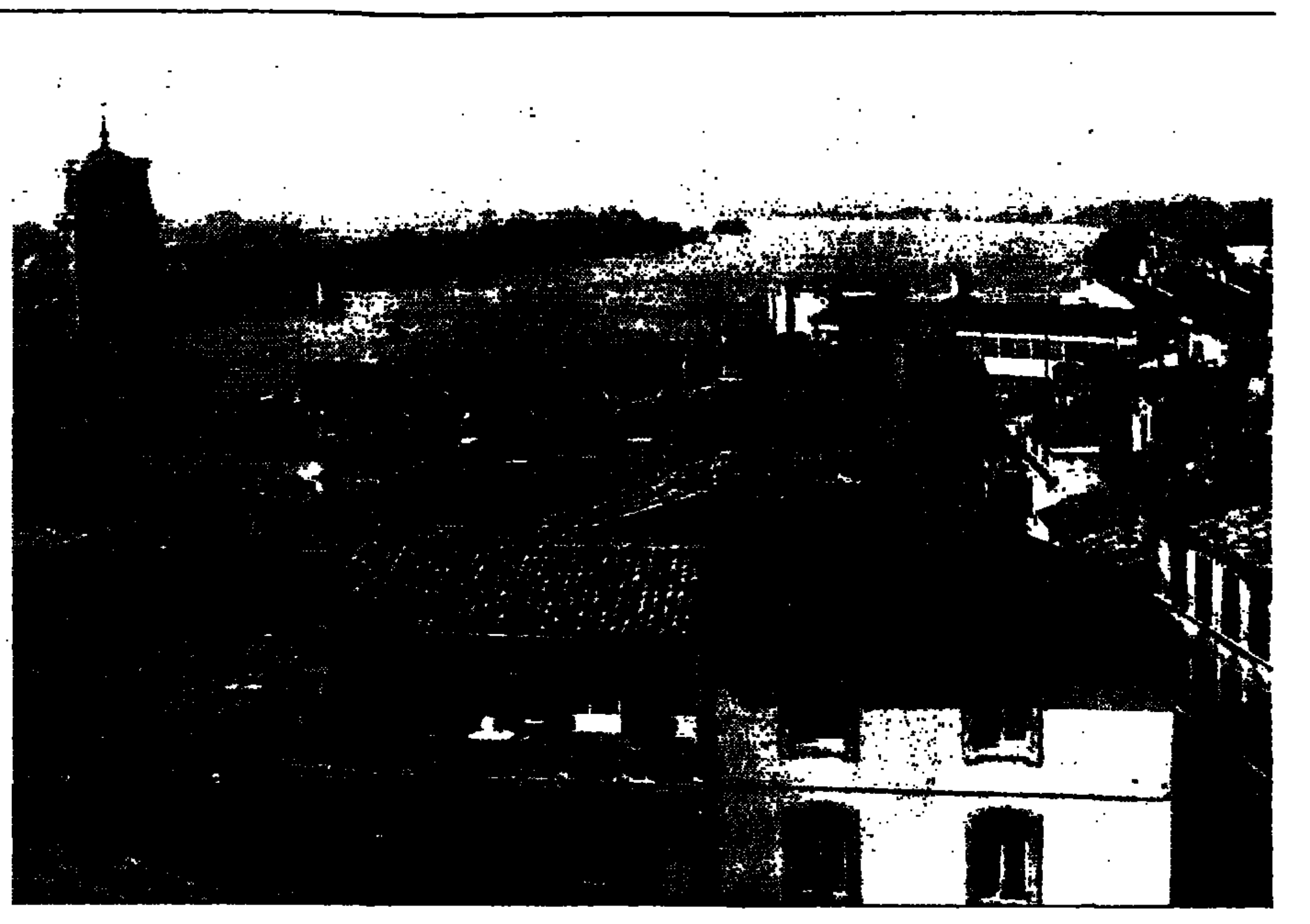
■ If you are planning to visit France in July or August, months when the French and northern Europeans flock to the coasts and mountains, try to book ahead; two months is usually sufficient.

■ Experiment with accommodation other than hotels. This not only lowers the price of a longer holiday but can add dimension to it by giving you greater contact with the French. Try a *gîte rural*, a section or converted outbuilding of a country house. Equipped for self-catering and suitable for families, they can be rented by the week for as little as £100. For those rambling on France's forest paths and mountain trails, there is the *gîte d'etape*, providing rustic meals and simple accommodation. There are also *chambre d'hotes* – the equivalent of the English country B&B's – where the larder is often stocked straight from the farmyard outside the door.

■ If you have the chance, visit France in May, June or September. The autoroutes are less frantic, people – including hoteliers and waiters – find time to be more agreeable, and prices are often lower. The weather can be just as nice: September in the south of France is particularly lovely.

■ Don't be hesitant about exploring the lesser-known parts of France. While it is difficult in July to find space on Riviera beaches to lay a towel, just miles inland you can have the place practically to yourself. Michelin green guides are wonderful for visiting places of cultural or historical interest, while guides like *France on Backroads* (Pan Books) can introduce you an equally fascinating but less hectic France.

N W



Old Avignon: few other countries have such a variety of town- and country-scapes as France

Hard times at the end of the earth

Off the coast of Brittany lies an island where women have learned to live without men . . .

IN THE Breton language, they call it *Pen-ar-bed*. In French it is *Finistere*. Both mean the same thing: the end of the earth. Stand at the jagged tip at the end of the long peninsula on which Brittany sits and you will understand the name. These are the most rugged coasts in the country. Here the rocky, westernmost part of France pushes doggedly out into the sea until wind and water stop it. It is desolate, inspiring and sea-sprayed.

At the far end of Finistere lies the small fishing port of Le Conquet, where quay-side cats doze on lobster pots when the weather is good. From the harbour at 9:30am a battered ferry named the *Enez Eussa* rounds the mole and makes for an island that lies beyond this end-of-the-earth. It is a lively journey full of wind and seagulls. At the end of it, on the Isle d'Ouessant, I met gentle, ageing Dulcie Bernard.

Dulcie Bernard has never been to the island of Madagascar. Neither have any of the half-dozen French women sitting with her. But here they are, *sipping coffee and* knitting away at clothing they will later wrap and send around the world to mothers in Madagascar. To me, a casual drop-in at the seaside parish-school building they use for get-togethers, it seems a kind but somewhat futile gesture.

To Dulcie it seems otherwise. Island *women, she tells me, have always helped* each other. I am confused until, needles clicking, she begins telling me about her own island life. Storm-beleagured Ouessant is a place quite unlike any other.

Dulcie Bernard was born English in 1927 and grew up in Ryde on the Isle of Wight. In 1944 she met a young French sailor fighting in de Gaulle's English-based Free French navy. Dulcie laughs now when she talks of the bright red pom-pom on top of his naval hat, but admits it must have had allure; at the end of the war she married him. Weeks later, at the age of 18, she found herself setting up house on another island on the far side of the English Channel. It might as well have been on the far side of the world.

English *sailors know Ouessant by* another, more notorious name – Ushant. Sitting some 30 miles off Le Conquet and the tip of Brittany, this is the wind-blown, treeless island that guards the southern entrance to the English Channel. Around it are shallow, dangerous seas. They swirl with strong tides and currents and are *dotted* with rocks *and jutting underwater* shoals. It is avoided by sailors with any sense. To make sure that it is, the most powerful lighthouse in the world sits on Ouessant.

For visitors from *le continent* – the local name for the French mainland – Ouessant even today has a desolate feeling. There are afternoons when the sun shines and the little island, only five miles by two, basks in clear sea air. There are also weeks when the wind howls, heavy squalls scud in from the west and awesome waves smash against the rocks at the base of the Ushant light.

For the last two days Ouessant has been covered in a thick fog. Dulcie assures me there is a camellia plant blooming in a *sheltered place just outside the window* where we are sitting.

Fifty years ago there were lots of fogs but no camellias at all. Ouessant was a far harsher place when Dulcie arrived than it is now. The links with the mainland were not strong: twice a week a small boat came out from the coast, weather *permitting*.

Nor did the island's inhabitants have solid cultural ties with France and the larger world – Breton was the language of the home. Even by the standards of Brittany, a long-neglected province, Ouessant's poverty was extreme. By the standards of Ryde, Dulcie had moved back a good century or two.

"What struck me most when I arrived wasn't the language problem, it was the floors of the houses," she tells me. "Most of them were beaten earth. There was no running water, no electricity, no telephone. We heated our houses with dried gorse and fern bushes, the only things on the island that would burn. There weren't any cars; we got around by *horse and cart.*"

Electricity finally came with the lighthouse in 1952. "We had to wait until dark, until the big light came on, before we had the use of it," she laughs. "But it changed our lives. Slowly, we put in running water, telephones, toilets. We even put in floors."

What has not changed is the fact that Ouessant remains an island of women. Of the 1,100 residents now on the island there are well over twice as many women as men.

Ouessant, for all the ocean that surrounds it, has never been a fishing island; the offshore waters are too dangerous. To earn a living its men have always had to go to sea, serving in the merchant marine or the French navy. Ouessant has alway bred seamen, but rarely have seamen lived in Ouessant.

The women with Dulcie sit back and begin counting: widows like her have all had husbands in the merchant marine, and all remember their men being away for three and four years at a stretch. Some *Ouessant sailors never came back at all.* In the cemetery at Lampaul, the island's only village, there are whole stone-carved lists of men who died at sea, off Tonkin, Point-a-Pitre, Madagascar, and a score of other places where the French made war in ships. This is a sad island, an island of Amazons.

With the men away most of the time, the women of Ouessant assumed roles women elsewhere in France rarely have: they became the bosses. For one generation after the next they ran the families, made household and business decisions, took control of the land and of their sole resource, farming.

Today the island is covered *with* short grass and tough, low-lying scrub. It is where people from the mainland like to ramble in the summer. In the farming days it was all divided into tiny parcels, each worked by women, by hand. From these parcels came potatoes and barley. The women also raised cows, pigs and herds of sheep that ranged the island in fallow time. It was, Dulcie remembers, a hard and frugal existence.

What Dulcie remembers most of her early days on Ouessant, however, was not its harshness but the kindness of women to women.

"I've got nothing against men, mind you," she laughs, putting her needles and wool down for a moment. "But on this island it was *different. Women shared* work, we helped one another, our children, our old people. Life was impossible otherwise. We knew we could always count on each other. You can't always say that of men, can you?"

N W

A fun flight of French fancy

Garry Booth lets the plane take the strain on a touring holiday

TOURING AT 2,000ft and a seemingly sedate 120 miles-an-hour is a dreamy way of spending a long weekend. To mooch around France in a Cessna 172, the Cortina of the skies, gives an odd perspective to travel. You arrive very quickly, giving little time for acclimatisation. More than that, the language of the air, with its quirky formality and use of phonetics, lends a pioneering atmosphere. However, one's feeling of superiority is tempered by a frisson of terror upon hearing the stall warning bleep.

We picked up Golf Alpha Yankee Romeo Tango from Old Sarum in Wiltshire. It is a short grass strip and is noted for its hillock in the middle. This helps on take-off but, as the controllers humorously warn, can mean a double landing fee if you mistime the approach coming back. Bournemouth is the nearest spot to clear customs and was reached in 20 minutes.

It was decided that a visit to the co-pilot's mother in Jersey would be politically sound. From there we could clear customs on the French side at Nantes and make *La Rochelle* for a late lunch of *fruits de mer* by the old harbour. The following day we would strike out across the Atlantic for Ile d'Yeu, an Alderney-sized island, eight miles off the French coast, north-west of La Rochelle.

Jersey airport provided a large expanse of tarmac and a proper terminal to taxi to, following a couple of circuits of the tidy little island. Nantes, in bright August sunshine, was sprawling and deserted. La Rochelle was empty, too, tumbleweed blowing about the apron. In France, airspace is less busy than in Britain and the sport of hedge-hopping better supported.

In short, it is an ideal place for stooging around at 2,000ft, orienting yourself by coming down to 1,000ft and checking out roads and reservoirs. Jon Hanna, our pilot, says that he uses IFR, which should stand for Instrument Flight Rules. What he really means is "I Follow Railways."

Our short stay on Ile d'Yeu – a day and a night – had been passed as though we had entered into a French version of *The Prisoner*. We hired bikes in Port Joinville and cycled in the evening to a '60's restaurant inhabited by '60's people.

At dawn the next day our minibus arrived at our lodgings to run us to the air-field.

Halfway there, rounding a sharp curve in a narrow lane, the bus drew up sharply. In the middle of the road, seated, was a baby. Serene, warm and smelling of powder, bathed in dawn light, it looked to be about eight months old.

I gathered it up and walked the short distance to the nearest cottage. Behind a leaded window stood an elderly man in workman's blues who appeared neither surprised nor interested that I had found a baby in the road at 6am. He waved me away silently and I continued down the road to look for the parents. After some minutes a rather stern woman arrived on a bike, inspected the child, declared it not to be local and took it into Port Joinville.

We resumed our journey, which would eventually take us north across Baie de Bourgneuf, over Nazaire, across country for some aerial shots of Mont St Michel, followed by oysters in Avranche.

Midway between island and mainland, with neither in sight, 2,000ft above a leaden sea, I began to realise that the single 145bhp engine which had uncomplainingly tugged us along for the past two days was begining to misfire, sending shudders down the fuselage. Upfront, Jon and Dickie, in contact through headsets, wondered whether to return or press on to the mainland.

The Cessna does not ditch well with its fixed undercarriage and tends to turn turtle, making an exit difficult until it is full of water. I used my last solitary moments on the back seat to ponder the child in the road. I was going to fall from the sky and perish in the Atlantic to be reincarnated as . . . you guessed it. In my fear-crazed state it made perfect sense.

But my paranormal predictions were not fulfilled. A too-rich fuel mixture was diagnosed and the fault quickly dealt with.

We flew on, homeward via Cherbourg. Here we picked up an elderly Auster, a '40's spotter plane, in camouflage paint. It was crewed by three pear-shaped gentlemen in crumpled suits and stained ties. They were late getting home and in difficulties with the haze. Could we fly slow enough to guide them across the channel to the Needles and Bournemouth? We said we could.

Back at Old Sarum, it was a warm summer evening. As the others settled up the fuel bill, I idly leafed through the CAA loss record of past months. An entry caught my eye: some time back a Cessna *en route* to Nantes, from Ile d'Yeu, had ditched in the Atlantic. The crew of three had been lost and drowned.

■ *The hire cost per hour, including fuel, for a Cessna 172 ought to be about £74 plus VAT ("brakes off to brakes on"). For price quotes, ring Bernie Wilkin of Leavesden Flight Centre, near Watford, tel: 0923-671411.*

A Cessna 172 carries three people. Garry Booth's trip amounted to nearly eight hours' flying.

Catamaran to Catalonia

Angela Wigglesworth tries a sailing vacation

IT WAS difficult to see where the grey sky stopped and the grey sea began as our catamaran with its bulging white hulls drifted towards the quayside in the morning mist.

We were going to sail along the Catalan coast of France, skipper provided, stopping at a different port each night with luggage transported to the next hotel by the hoteliers themselves.

We could, we were told, be as active or inactive as we liked; help with the sailing if we knew how; learn from the skipper if we didn't and wanted to – or lie in the sun while others did the work.

Our first night was at St Cyprien, half-an-hour's drive from Perpignan, in a buff-coloured hotel with startling tartan carpets in the bedrooms. Early next morning, well before the sun was rising, we took a small ferry across a lagoon to Argeles to await our catamaran, *or multicoque*.

Fishermen at the water's edge had already cast their lines and eels and mullets were jumping in the still water.

The large catamaran had living quarters and kitchen, bedrooms, washing facilities and, on deck, a soft mesh net for sunbathing. Soon sweaters were off and shorts on as we sailed along the rocky coastline, the mist lifting in veils from the dark mountains to reveal terracotta-roofed white houses clustered in scattered villages that hugged the natural harbours. Christophe, our blond blue-eyed skipper, told us he taught sailing in summer, ski-ing in winter.

It was a very calm day but the nervous among us swallowed sea-sickness pills and first-time sailors learnt some jargon. Gingerly taking the helm for the first time, I watched the speed of the boat and the wind on a little electronic push-button panel and hoped both were synchronising as they should.

"You won't know when I'm worried," said Christophe as, barefoot, he busied nimbly about, hoisting the spinnaker to coax a little more wind in our direction.

I took his absence from my side at the helm to be a sign of confidence in my ability to steer past a passing boat. Lunch had been arranged at Puerto de la Selva just over the Spanish border, a small fishing village that only a few years ago had been a great deal smaller.

At La Tina, a cool, stone-built restaurant, we had *sangria* and platters of sliced sausages, a huge tureen of mussels and excellent *paella*. Afterwards we strolled round the narrow streets but the large white, almost windowless, church was locked.

Our next hotel, high on a hill with balconied bedrooms, overlooked Banyuls' harbour. At night, the street lights around the bay were a semi-circle of gold and the white masts of the yachts in the marina were a ghostly battalion on parade. After our evening meal we listened to the accordion music from the town's annual summer fête as it drifted up towards us until the fête was over and there was just the sound of crickets.

Banyuls is a pleasant small fishing port almost surrounded by high-peaked mountains with a slate-paved precinct, potted geraniums and pale blue plumbago flowering on the steep steps leading off it. There is an aquarium for rainy days, lots of vineyards to visit, and a town hall with a tiny garden of mimosa, lemon and palm trees.

On this particular sailing holiday you have a choice of catamaran, yacht or *voile latine*, a traditional fishing boat. In the cause of research we tried all three.

Our yachting day was certainly rough. "Take your hands off the helm and see what it feels like," ordered our skipper. I said I would if I could, but standing up at the same time wouldn't be possible. Our sleek six-berth vessel was lurching at an alarming angle, but nothing alarmed Christophe. "The sail can touch the water and still right itself. Just sail straight at the waves into the wind and relax."

A dolphin swam alongside but we weren't interesting enough to detain it long. Rain threatened and Christophe suggested lunch on board at Port Vendres which he would prepare while we went for a walk.

We strolled round the harbour, the water chock-a-block with boats, the port with *pâtisseries, boulangeries* and bars with the the smell of garlic in the air and the hum of diners dining under orange umbrellas in the restaurants between the tall pines and squat palmettos. But some people are hard to please. "The trouble with these *langoustines*," grumbled a member of an English group, "is there's no fish in them."

The *voile latine* was less comfortable than the yacht or the catamaran, but it had a robust sense of ancient tradition and would have been my choice.

■ *Angela Wigglesworth was a guest of Inntravel, The Old Station, Helmsey, York YO6 5BZ, tel: 0439-71111. Prices for "Sailing the Catalan Coast" holidays (from April to September) range upwards from about £500 per person, depending on time of year, kind of hotel, and whether you have a car or flight included.*

BOOKS

Possessed by god and poetry

***Anthony Curtis** reflects on the life and work of Father Hopkins*

IT MAY in its time have been "a very private life", but Robert Bernard Martin and earlier researchers, Bernard Bergonzi, Paddy Kitchen, along with many others, have made every inmost aspect of it public. "There are so many excellent articles and books written about Hopkins each year," Martin explains, "often fifty or more, that space prohibits its mentioning all of them..."

Hopkins died in 1889 aged 44, an obscure, eccentric, erudite Jesuit father employed to teach philosophy in the Royal Irish Catholic University. He was buried in Dublin with a Requiem Mass at St Francis Xavier's. After his death, his copyrights belonged to the Society of Jesus, but Robert Bridges had the texts of the poems, almost none of which had been published during Hopkins' lifetime.

His other regular reader was Canon R.W. Dixon, a now forgotten Anglican poet who had taught Hopkins at Highgate School. Neither was a Catholic; both corresponded with Hopkins about his poetry. They were encouraging, supportive, but often baffled. Through Bridges, Coventry Patmore met Hopkins and read some of his poems, which he found impossible to understand, though he did grudgingly recognise that Hopkins was a real poet.

After his death Hopkins' poetry went unpublished for almost 30 years. Then Bridges brought out a first edition in 1918. His timing, at the close of the First World War, could not have been better. Modernism was just dawning. It discovered a major poetic forebear in Father Hopkins. The full explosion took another decade or so, occuring in the early 1930s with influential reviews and articles by critics like Middleton Murry, Leavis, Empson. It was *The Faber Book of Modern Verse* edited by Michael Roberts, first published in 1933, a highly influential anthology, that really spread the word. Its opening poem was "The Wreck of the Deutschland" in full, followed by a dozen more of Hopkins' finest poems.

Ever since then, Hopkins has been regarded as a - if not *the* - quintessentially modern poet; yet in many respects he was a typically Victorian one. His work has the chivalry, the mediaevalism, the pre-Freudian innocence, the archaism of his own period. If he is the first of the moderns, he is also the last of the Pre-Raphaelites with all their painterly, enamelled, visual awareness.

GERARD MANLEY HOPKINS: A VERY PRIVATE LIFE
by Robert Bernard Martin
Harper Collins £18, 448 pages

His life, as Martin urbanely recounts it, reads like a classic case of 19th century repression; a cycle of self-discipline, self-denial, self-transcendence, culminating in acute self-doubt in spite of the steadfastness of Hopkins' faith. I was reminded of the passionate earnestness of the imaginary poets in A.S.Byatt's novel *Possession*. Hopkins though celibate fits perfectly into that general picture.

In his case the possession was by God – the hound of heaven tracked him down young, when he was still an undergraduate at Balliol – and by poetry. Nothing in his background suggested the direction his life was to take – he came from a large, middle-class, united, prosperous family, strongly anti-papist. His father was in marine insurance, and Gerard was sent to school at Highgate. At Oxford he discovered himself. Jowett was in full cry, so were Liddon, Pusey and a young don at Brasenose, Walter Pater, all of whom he was to repudiate in favour of Newman who received him into the Roman Church. Hopkins' fellow-undergraduate, Bridges, an Etonian at Corpus and something of a "hearty", might have seemed an unlikely friend, but the rapport was deep and life-long.

This American biographer, Robert Martin, lives in Oxford having migrated there from Princeton where he used to teach English literature. He is most successful in re-creating the ambience of Oxford at this period in the 1860s, the sense of trespassing beyond the pale which attended any undergraduate who, like Hopkins, converted to Rome. When he is not writing literary biographies – there were earlier books on Tennyson and Edward Fitzgerald – Martin writes detective stories. Here, like a fictional detective, he goes over the same ground as previous investigators, looking for fresh clues, making new deductions.

The most crucial of them (though not entirely new) is to detect a homoerotic strain in some of the poetry and to find this centring on Hopkins's obsession – it does not seem too strong a word as Martin describes it – with an Etonian schoolboy, Digby Mackworth Dolben. He was a friend of Bridges who came up to Oxford briefly for an interview at Balliol which he failed. This well-born, sickly, versifying youth who was enamoured of monastic ritual – or, as Henry James put it, "the so precocious and direct avidity for all the paraphernalia of a complicated ecclesiasticism" – had an irresistible charm for his contemporaries which does not come across either here or in Bridges's pen-portrait of him. Previous biographers like Paddy Kitchen have known all about him. Martin now elevates Dolben to a starring role – if a brief one, he died a year or so later – in the Hopkins saga. Martin finds a strong, subliminally physical as well as spiritual, attraction in the poetry Hopkins wrote after his encounter with Dolben.

A detective story usually ends with the identification of the murderer. If we expect an answer to the question, "Who killed Hopkins?", Martin will disappoint. The actual cause was typhoid. However, the Jesuits have frequently been cited at the culprits for the way they treated this member of their order whose genius they did not recognise. Martin is clear that that accusation will not hold water. His Jesuit superiors may have given him a tough time in many of his assignments – parish priest in the slums of Liverpool, for instance, classics master at Stonyhurst, and even his final academic job in Dublin was no bed of roses – but it is clear that he made terribly heavy weather of all these. Nor was he any happier during easier postings such as short spells in Oxford and Farm Street, Mayfair.

He was incapable of contentment because his most implacable, tyrannical master was always himself. None of his superiors actually seems to have told him to give up writing poetry when he became a priest. He did it off his own bat and it only needed someone in authority to say, "Why don't you write a poem, Gerard, about those nuns who were drowned on their way to America?" to trigger him off again. And, even though the result was rejected by *The Month*, after that there was no stopping him. The so-called Terrible Sonnets he wrote in Dublin at the end of his life are of Shakespearean accuracy in their depiction of his divided and anguished state of mind. As Martin shows in this absorbing book, the life of Hopkins is an awesome instance of a gift that would not be denied.

Irish grace in a churlish time

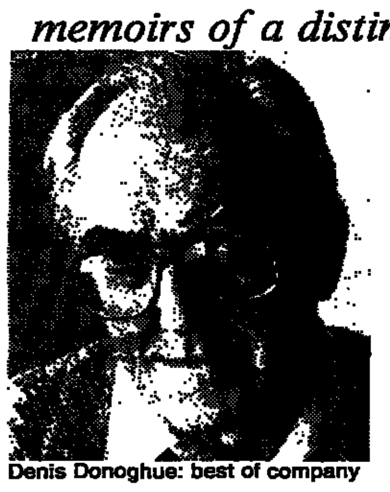
***Jackie Wullschlager** enjoys the memoirs of a distinguished raconteur*

"NOW, JUST wash and brush up your memoirias a little bit", says Joyce in *Finnegans Wake*. Denis Donoghue's *Warrenpoint* is written as if in reply; the re-creation of a casual, tangible, visitable past in a memoir which is that and much more – recollection and wit mixed with history, politics, literary appreciations. Professor Donoghue is one of our most distinguished critics; as raconteur he turns out to be the best of company.

For English readers, the name Warrenpoint recalls the deaths of 18 British soldiers in a landmine on the same day, in August 1979, as a bomb killed Lord Mountbatten on his boat off the Sligo coast. Donoghue's book is about growing up there in the 1930s, when there was no violence but the town's two populations, a thousand Protestant, a thousand Catholic, kept strictly to themselves – Donoghue's apolitical mother never spent sixpence in a Protestant shop, by instinct. His father held the difficult position of Sergeant in the RUC, a "splendid" policeman whose religion ensured he was never promoted.

The benign, rather solid ghost of Donoghue senior towers over these pages like a flesh-and-blood Rock of Ages: "Physically upright, morally upright; he walked the streets as he walked through life, straight ahead." He was not, apparently, an expressive man but his letters to his young son assume warmth without wasting words. To "Denny" away in Carlow: "I am sending you a view of Warrenpoint. I will be down to see you next week... I am very lonely for you. From Daddy."

Warrenpoint is not an intellectual biography but here are the clues to the sort of critic Professor Donoghue was to become: the rigorous honesty of his responses, the sense of moral order, the reverence for the truth and context of a work of art, and the refusal to be seduced by fancy theoretical paraphernalia. At school, Brother Cotter ranks alongside T.S. Eliot as an influence: poems were committed to memory, meaning left to the words as the juice in an orange, "eat the orange and you get the juice".



Denis Donoghue: best of company

Schooldays suggest a cross between Joyce and an Irish version of Waugh's Llanabba. Every morning, the principal Mr Clancy "left the room and walked down to the Liverpool Hotel, where he drank till he was well drunk, then came back to school to assault Miss McDonald... His room contained the chemistry laboratory... never used, except on one afternoon, while the class was on lunch break, Mr Clancy took one of the bottles containing sulphuric acid, drank it and killed himself." Donoghue went on to be a choirboy; years later, he still could not bring himself to use the Protestant word "chorister".

WARRENPOINT
by Denis Donoghue
Cape £12.99, 194 pages

Where other people have madeleines dipped in tea or a set of eight records, Warrenpoint is above all a memoir recalled through words. One anecdote has Professor Donoghue lecturing at the Yeats Summer School and asking a Protestant academic who planned to go fishing if he meant to catch salmon. Instantly came the put-down: "I hope to kill salmon".

Donoghue is precise and fascinating on "one's social bearing among words"; who uses which names and idioms, what they tell in Heaney's "land of password, handgrip, wink and nod"; how to spot a Protestant at a hundred yards ("He walks as if he owned the place, which indeed he does"). On these matters, Donoghue's arguments lilt along with wit and grace but with a tenacity which raises anew the debate about the political teaching of history. The *English can't remember, the Irish* can't forget, goes the saying.

Professor Donoghue encourages a colourful historicism; indeed, provides some here himself, suggesting that without it Ireland is "merely a member of the EC, the begging bowl our symbol". But flamboyant nationalists like Yeats, Synge, Lady Gregory – "Protestants all, regrettably" – should come with a health warning: "this road does not go through to action". In a recent essay on Henry James' sense of the past, Donoghue proposes compromises: acceptance with reservation and rejection with regret; thus his own attitudes to history here.

Donoghue has said that it was the stridency of the Leavisites which turned him to American critics like Burke and Ransom when everyone else was reading *Scrutiny*. The result is an extraordinary breadth of reference in his writings and, since 1979, the Chair of American and English Letters at New York. The titles of his recent works – *We Irish, Reading America, England, Their England* – make clear the degrees of his empathies, but he is a moderate, a descendant of Arnold and Trilling and the school of sweetness and light. It makes him especially valuable as critic and as a writer on Ireland.

He once marvelled at Ransom "keeping open the lines of grace in a churlish time". Nothing more fittingly describes his own work.

Forever the underdog

"NOBODY LOVES a governess..." This view, expressed by a 20th century governess, just about sums up Alice Renton's findings about a particularly exploited class of women. She traces the problems of the sad woman back to her birth, which arose, never convincingly, out of a belief that the education of women was at best unnecessary and at worst a danger to both their character and their health.

King James VI believed that educating women made them as "cunning" as a tamed fox; a French philosopher of the 17th century explained that the greater delicacy of the fibres in women's brains made them intellectually inferior to men; as late as 1895 a Royal Commission "seriously doubted whether a girl's brains were able to grapple with the difficulties of vulgar fractions."

The governess was an inferior being teaching inferior beings. Worse still, her position in the household was undefined. Neither lady nor servant, she tended to get the worst of both worlds, having neither days off and a convivial life below stairs nor acceptance into the family's personal life. Her pay, too, always reflected her humble position so that she was often paid less than the cook. A resident governess in the mid-19th century was paid between £20 and £40 a year, with laundry costs sometimes deducted. Moreover, unlike the servants who had their uniforms provided, she *had to dress herself as* a lady.

The governess was, right from her inception, "a gentlewoman." Poor, perhaps, but well born. When she began to advertise herself in the 19th century, this was, as Alice Renton emphasises, her major selling-point. Education was never the major aim of her employers, rather an effort to produce an aura of civilisation, which in the earliest days meant needlework and piano and later on came to mean the Latin languages and a bit of learn-by-rote geography and history. The author of the history text used for many years, Mrs. Markham, explained that she "dwelt little on cruelty and fraud as being hurtful to a young mind." And her book, apparently, was one of the best available.

TYRANT OR VICTIM? A HISTORY OF THE BRITISH GOVERNESS
by Alice Renton
Weidenfeld & Nicolson £15, 214 pages

Charlotte and Anne Bronte did much to fix the horror of the governess's life in the reading imagination. Being fair-minded, Alice Renton gives a section or two of stories in which governesses themselves used forms of torture long outlawed by the Geneva Convention. Lord Curzon suffered under one such sadistic monster (Mrs. Renton reminds us that boys' schools were pretty dangerous also).

Most pitiable of all, the governesses could suffer threat and ridicule in their experiences with large families. Since one of the families of *six children cited by Ms Renton was* that of my own father and uncles and aunts, I was interested to read that they managed to get through, with a definite sense of achievement, nine governesses, most of whom left in a state of a nervous collapse. The Mitfords, ever competitive, beat this record by running through 15 governesses, of whom Nancy Mitford recorded an attachment to only one, who was called Miss Bunting and taught them how to shoplift. She introduced this pastime as "a little jiggery pokery" and the shopkeepers didn't stand a chance.

Nowadays, governesses are called tutors, which is sexless and has educational overtones. It is odd to think that the male form "governor" has such a dominating ring (even if somewhat penal) while the poor women were forever the underdogs.

The sad thing is that one-to-one education (or even one-to-four or -five) is quite clearly by far the best way of imparting knowledge, so that over the centuries many great learning opportunities have been missed. Now that we battle for smaller classes and often feel we have to pay for private attention, the governess may yet have a rerun. There are still a few posts advertised in *The Lady*, as they have been for a hundred years, but they tend to be with employers whose countries haven't quite cottoned on to the word "tutor", don't believe in regular holidays, and have never heard of the National Union of Teachers. Perhaps Alice Renton's persuasively tragic history *should be the governess's swan-song.*

Rachel Billington

Fiction

A nightmare gamble

THE NIGHTMARE lends itself well to fiction. It allows for innumerable permutations and can be as extravagant (or as sober) as its author's humour. Tone need not be constant, coherence need no longer be an irksome objective. Plagiarism is hard to prove, and provided that the story is plausible, it need not be realistic. Indeed, the only crucial requirement, beyond that of some degree of unpleasantness, is a sense of inescapeability.

To begin with, Paul Auster's excellent tale seems mundane and derivative, rather than menacing. On inheriting a fortune, Nashe leaves his job and embarks on a series of long drives around America. Just as one begins to reflect wearily that this journey of discovery has been made once too often, in films and in fiction, he meets Pozzi, an itinerant young gambler. Nashe's patrimony is by now almost depleted, but Pozzi is an inspired poker player, and when they drive to Pennsylvania for a game against two reclusive millionaires, both expect huge winnings. Stakes are accordingly high. But Pozzi is outmanoeuvred; and by dawn, all is lost. By the end of the novel, while still discharging the debt, Nashe realises that the real stakes that night were freedom, dignity, life itself.

The fate which overtakes the gamblers might be considered the culmination of a moral tale about greed, or the corrupting power of money, or the price of all pleasure, but Auster's prose is never that of the preacher. His writing is beguilingly simple and disdains gothic flourishes, and its pace is measured, the better to show that life's cruelty can be unhurried and that nemesis proceeds stealthily. His ogres reveal themselves slowly, rather than enter roaring; and he can induce an authentic shudder of nasty realisation.

The nightmare of Kenneally's novel is all too plausible. What would it be like to be on a hijacked 'plane? As the setting for a thriller, the situation is once again familiar, but Keneally has polemical aims. The hijackers represent a militant Palestinian faction; the hero of the story is an Australian tour manager mistakenly supposed to be a pawn of the CIA; and he manages a group of Aboriginal singers currently on a world tour. The hijackers identify three enemies, whom they decide to try: MacCloud, the Australian; Stone, a Jewish American computer salesman; and Gale, a journalist from the *Daily Telegraph*. Although the hijackers are eventually outwitted, one of the victims is shot, and other passengers, particularly attractive women, have to adopt unorthodox survival techniques.

THE MUSIC OF CHANCE
by Paul Auster
Faber and Faber, £13.99, 217 pages

FLYING HERO CLASS
by Thomas Kenneally
Hodder and Stoughton, £13.95, 224 pages

WOMAN LIT BY FIREFLIES
by Jim Harrison
Weidenfeld and Nicolson, £13.95 . 247 pages

Somehow, one feels that Kenneally could have written this book, and perhaps did, with his eyes shut. He has scrupulously researched the history of the Aborigines, and the patterns of hijackings. He is to be commended for not forcing us to take sides, and for refusing to press comparisons between the dispossessed of the Middle East and of the Outback. It all unfolds glibly enough, inelegant prose notwithstanding, but in a book which is propelled by dialogue rather than description, Kenneally should have taken advice about the idiom of London journalists, and his faith in Aboriginal sorcery, which unleashes the climax of the story, seems misplaced and naive.

There are no nightmares in Harrison's novellas, only a wistful realisation that youth is betrayed, and its lofty ideals forgotten or found wanting. The title story concerns a middle-aged woman's decision to leave her husband, a desiccated financial analyst. They are on the interstate between Iowa and Detroit when this decision is made and executed; and the remainder of the story follows her solitary reminiscences in a cornfield. In "Sunset Limited", a group of estranged friends imprisoned as undergraduates for vandalising the local Vietnam draft office are reunited by the discovery that one of their former number faces possible execution in Mexico for seditious activity.

Harrison knows his characters well and writes finely and fondly about them: ageing professionals in whom Otis Redding or Janis Joplin can still stir memories of the long marches and longer hair of youthful idealism; reformed Democrats accustomed now to large salaries; anxious intellectuals beleaguered by smug capitalists. And although he writes without irony about the earnest self-improvement of educated Americans (his tone is tolerant always and almost nostalgic) he is not naive: "Sunset Limited" reminds us that revolutionaries should die young, since their romanticism will always be embittered by disappointment.

Clive Fisher

Hooked on UFOs

OUT THERE tells the shocking story of an individual's transformation. Howard Blum starts out on page one as an ordinary, decent American. By the end of the book he takes on the appearance of a crank.

Blum's interest in spying and other activities of the US military leads him down a slippery slope. A friend persuades him that the US government is secretly investigating visits by unidentified flying objects. Others tell Blum he is crazy to delve deeper – but he is hooked. His life becomes one huge whirl. He travels around America talking to anyone with the slightest interest in UFOs – taciturn military men, pale-faced scientists, grittily obsessed journalists and the occasional mad civilian.

It is the scientists who stand out. Most have peculiar names and equally odd occupations. One is Lambros Callimahos, who started a group called the Dundee Society, a network of government scientists which investigates UFOs. The society is named after a marmalade jar. Other scientists include Otto Struve, a brilliant, autocratic astrophysist from the Soviet Union, and Kent Cullers, who is blind yet is an expert radio engineer.

OUT THERE
by Howard Blum
Simon and Schuster £14.95, 300 pages

Blum is good at spinning out inconsequential details. He devotes much space to detailing meetings with contacts who, after some general chat, decide they would rather not talk about UFOs after all. A complete chapter of pseudo-scientific nonsense describes a lecture given by a particular UFO researcher.

By the end of the book, the reader is no wiser as to whether UFOs exist. But Blum, who started out as an agnostic, has become a believer. He writes in the final chapter that UFOs will one day make their presence known to everyone: "A noise, life shaped into a beautiful music, will travel across ink-black space and time, and into legend. And then, this story will end, and the future will finally begin." Come off it Howard – you can do better than this! UFOs *are* a mystery but the real mystery is how Blum ever found a publisher for his book.

Peter Marsh

Poetry

A bard on the wing

THE 55-year-old Kenneth White was born and bred in Glasgow, at whose university he excelled in French and German. After many years exploring the globe, he sensed there would be little British support or community for his supra-national avant-gardist aspirations, and settled in France. He now warms the Sorbonne's chair of 20th-century Poetics, and remains far more widely appreciated and published on the continent than here.

The Blue Road is the journal of his trek to and around Labrador a decade ago which was first conceived when, aged 11, he was bedazzled by a picture-book's images of Indians, Eskimos, mountains, fish, and white wolves howling at the moon. On the first page we join him at breakfast in *Montreal*, just off the plane from France. Having reported the rejection of his grail by the official tourist bureau ("'How can I get to Labrador?' 'Mister... my job is to answer reasonable questions.'") White gets chatting with a waitress: "'I want to get to Labrador.' 'It's cold up there.' 'Maybe you're too used to central heating.' 'Maybe you thought we were all Eskimos?' At least this citizen doesn't just wipe Labrador off the map."

A few passages feel typed up from White's log on the assumption that nothing is inconsequential – let alone banal – or that every occurrence is ambrosia for the travel-book's maw. I suspect White has been misled by the decree from one of his many mentors, William Burroughs, that authors should deal with "nothing except what is in front of the senses at the moment of writing." He more often goes a lot further and unloads what's on his mind – a rewardingly well-stocked one as it turns out.

Everyone White encounters gets quizzed about the object of his exploration. His new girlfriend is soon telling him of Labrador's "wild ducks flying at 300 mph against the wind." Much of the information he comes by on the long road north is, naturally enough, extremely far fetched. At a Montagnais reservation he picks up "Indian hunting techniques, how to tan caribou hides" (with bear grease); and "a sure fire cure for colds: beaver's balls."

THE BLUE ROAD
by Kenneth White
Mainstream £12.95, 160 pages

HANDBOOK FOR THE DIAMOND COUNTRY
by Kenneth White
Mainstream £12.95, 200 pages

It is recounted with convincing pantheism, the conviction stemming from his uniquely enterprising experience, the narcissism tempered by appropriate touches of good-humoured but penetrating wit and irony. *The Blue Road* is close to the robust lone-rangerish openness of Bruce Chatwin, or of Heathcote Williams tracking the dolphin under water. White frequently evokes Melville, and also the way D H Lawrence sought to inhabit the pure elemental life of mountains, clouds, thunder, earth and sun, imaging "animal man lovely as a deer... he'd be part of the unseen. He'd breathe silence and he'd never cease to wonder."

The text rambles from prose to broken lines and back. Although its organisation is quite different, the overall effect is similar to that of Heathcote Williams's animalogues. The structure is, like that of most of White's poems, what Coleridge called "form as proceeding" as distinct from "mechanic form" – composition by field, not a well-wrought urn. In place of characterisation or art-forms as a refuge White has gone as far out of "his" way as he could into the unknown, from saying things like "at one with the spirit of the land" to a new world where "... there was no such thing as spirit/ only the blue tracks in the snow/ the frost-bitten leaf."

"Open form" does not mean you cannot be spare and concise, any more than W C Williams's "no ideas but in things" means no ideas at all; two of the numerous experimental propositions proved in the course of White's *Handbook for the Diamond Country*. He composes music as sharp, sweet, subtle and immaculate as Heaney's, or anyone's: "... the lip-lip-lipping/of grey water on white sand"; "sheep trintles/a wisp of wool/buzzing fly"; "Field after field/my eyes can't see/enough of this whiteness." He has composed an original fleet-footed body of work so transcendently far from the corrosive careerism of London-Oxbridge and transatlantic literary hierarchies as to make them seem marginal as well as grubby.

Michael Horovitz

ARTS

The victims of Catch 22

MUST THE Almeida Theatre, the pride of north London, the venue in which Diana Rigg will shortly give us her Cleopatra in Dryden's *All for Love*, and the chosen home in the autumn for Harold Pinter's new play, close because of the petty minded squabbling of Town Hall politicians?

Probably not, but it is a depressing story. The demise of the Greater London Council created the London Borough Grants Committee to look after the GLC's unfinished business. Most of its £30m in 1990-91 went on hostels for the homeless, advice centres for the perplexed, and other welfare projects, but £3m was distributed to about a hundred arts groups, ranging from the ICA and the Whitechapel Gallery to the Black Music Association and the Orange Tree Theatre.

This year the money has shrunk, perhaps to £29m, although the politicians are still arguing over the sum, and the proportion allocated to the arts is likely to shrink even more as the recession hits the needy harder, and the Committee puts physical before cultural well being. So last week 14 arts groups had their grants axed. Everything is provisional – the budget has yet to be formally agreed – and the companies have the right to appeal. Only three groups were cut because of doubts about their artistic quality – Pyramid Arts, London Arts Forum, and Black Music Association. The others lost out because they failed to attract a local audience – or a wider London audience: the Catch 22's available to the politicians were legion.

Among the victims are such noble contributors to the capital's artistic well being as the Almeida, Dance Umbrella, the King's Head, the Photographer's Gallery, Greenwich Theatre and Blackheath Concert Halls. Probably the real reason they lost out was an assumption that they could survive without the cash, and probably they can.

The Almeida has reacted most vigorously, perhaps because along with the ICA it has lost most in cash terms, around £55,000; perhaps because it thinks it is so unjust. It is threatening to close in June even though the money is only 5 per cent of its total income. It can't be bothered to carry on against such petty sniping. The ICA reflected the view of most of the dispossessed that this is just one more burden which will lead to less adventurous programming and a reduction in enterprise and artistic risk taking.

In the past most appeals have succeeded. This time the shortage of money, and alternative cash pressures, make this less likely. What does seem unfair is that these organisations have lost out while the Bush, the Drill Hall, the Watermans Brentford, and the Hackney Empire- arguably no worse, but not obviously superior to the losers- should receive grants. This is where the local politicians arranged their trade offs and did their deals. The arts world might have over-reacted to the cuts but the whole exercise would benefit by being more public and credible.

★

Where are the sales of yesteryear? Last May Sotheby's in New York brought in over $400m from a few days of frenzied trading in Impressionist and 20th century art. This May it envisages taking less than $60m. There is only one notable painting – a Matisse from the estate of Irene Selznick, which might make $6m. For the rest Sotheby's is nursing the market back to health by being very selective in what it accepts for auction and by insisting on low reserves. At the same time potential sellers are waiting for prices to improve.

Christie's has an identical strategy. But there is a feeling that the worst is now over and that when it comes to the major London sales at the end of June sentiment may be better. If New York goes well Christie's is contemplating accepting works at the last minute to take advantage of any uplift. It already has one important picture, "Le forze di una strada" by the Futurist Umberto Boccioni which could make £3.5m, setting a record price for an Italian Futurist. Boccioni is rare on the market since he died young, in 1916 aged 34.

Sotheby's top brass was in London this week putting the best gloss on its 1990 results, which showed sales down 17 per cent at $2.5b, with pre-tax profits 18 per cent lower at $155m. The setback was concentrated on Impressionists, off 24 per cent at $853m, and contemporary art, 28 per cent lower at $226m. Sotheby's was keen to set 1990 into context with the last two recession years, 1975 and 1982, which showed similar falls in sales, followed by a quick improvement. Sotheby's line is that the really rogue year was 1990 when turnover leapt 34 per cent and profits by 56 per cent. Forget that and the art market shows steady growth.

However, all the signs are that sales in 1991 will be even lower than in 1990, which only turned bad in the autumn. Sotheby's reckoned it spotted the storm before Christie's, which went for turnover rather than profit and came badly unstuck over its December Impressionist sale in London, which was 75 per cent unsold.

By being selective in what it offers Sotheby's has managed an 80 per cent sold rate by value in the first quarter of 1991 (as against 87 per cent in 1990). It had also, by putting on the pressure, reduced its outstanding debts in February to $60m, as against $310m in December. There is not much that either Sotheby's or Christie's can do now but wait, not least for the death of a major picture collector. It needs an important estate to do well to tempt back both buyers – and more important, the sellers.

Antony Thorncroft

Nude on coloured fabric by Egon Schiele, currently exhibited at Fischer Fine Art

Expressionist talent

William Packer on Kudryashov and Schiele

AMID ALL the post-*glasnost* excitement in the galleries at bringing the work of living Russian artists to the West, it is salutary to be reminded of one who has been here for a considerable time. To have been a working artist in Russia for a lifetime past has meant the compromise or suppression of instinct and talent, in complete isolation from the world at large. Even a mere 10 or 20 years ago to leave meant the complete rejection of what one had been, and all one had done.

Oleg Kudryashov, who is showing at the Francis Graham-Dixon Gallery (17 Great Sutton Street EC1: until April 21), is now 58. Born in Moscow, he trained in the state art schools, quite unaware of any but the orthodoxies of socialist realism. When he came over to the West in 1974, he was allowed to bring with him only what he could carry in a small portfolio, having already burnt most of his life's work. He has lived and worked in London ever since, for the most part in a self-protective seclusion that only now he is beginning to allow to be broken down. Though he has shown at intervals in Europe and America, his work remains at all familiar only to a small coterie of friends and supporters. Last year, a British citizen, he was invited back to Moscow by the Artists' Union of which he was once a member, for a major retrospective of his work, as yet the only native Russian artist to be so recognised.

He is first of all an expressionist by temperament and then a constructivist, which qualities place him directly in the great tradition of the radical Russian avant-garde of the early decades of the century. That he should have been innocent of such influence until his maturity – for only now are the Rus[illegible] holdings of such as Kandinsky and Malevich, Tatlin and Lissitzky being brou[illegible]ht out of sto[illegible] – and free to exp[illegible]s it on[illegible] in his exile, only m[illegible]kes the affinity the more remarkable.

He works principally in drypoint on large metal sheets, which he attacks with a direct and fierce energy. To classify him narrowly as a printmaker, however, would be quite wrong. He never editions his plates, and even a repeated proof is reworked on the paper to make it unique. The printed sheet, rather, is his material, to be cannibalised, collaged or otherwise reconstituted into the finished work. The relief is his true metier, the print as sculpture, rolled and cut, folded and crumpled, with the image on the surface at once contradicting and articulating the three dimensional reality of the piece.

These objects are direct, unprecious and manifestly physical in themselves. Lately Kudryashov has taken the next logical step in the formal development of his ideas, by cutting and folding the metal itself into high relief, leaving only the colour and line untranslated. And yet the metal brings with it a whole world of change, the image heavy of itself and oddly static and monumental in direct contrast to the lightness and energy of the paper works. This is not to say that they are worse, only different – but who knows where such difference might lead.

Last year saw the centenary of the birth of Egon Schiele, *wunderkind* of expressionist, post-Secession Vienna, and dead at 28 of influenza in the epidemic of 1918. He was clearly a great artist, though the blatant sexuality and psychological intensity of so much of his imagery still qualifies our response to the work, at the expense of its real formal quality. Last autumn the Royal Academy showed him in the context of his contemporaries, which celebration included a room full of remarkable drawings. And now Fischer Fine Art (30 King Street, St James's SW1: until April 19) is full of drawings, gouaches and watercolours that are no less remarkable and distinguished.

They include a number of powerful and even disturbingly erotic images, but cover a generous range of landscapes, figure and portrait studies, reminding us that Schiele's interests were not altogether obsessive. Some of the quieter images indeed are among the most beautiful of all, notably a painting of his wife Edith in a striped dress. She was to die only a few days before him. And informing everything are two particular and extraordinary qualities: the ability to establish and articulate a form even as it is being filled in with paint; and the sustaining of a line, soft, thick and seductive yet sharp and incisive and fraught with nervous energy. Such are the gifts of the greatest draughtsmen.

London concerts

NYO plays John Adams

Max Loppert applauds the young players' rousing performance

TO EVINCE continued astonishment at the National Youth Orchestra's bold choice of programmes is no doubt absurdly passé. After all, such daring is by no means new: massively-scaled works by Strauss, Schoenberg, Messiaen and Wagner have been regular features of its London outings; *The Rite of Spring*, which formed the second half of Thursday's concert at the Royal Festival Hall, might almost be called an NYO staple.

All the same, the presentation, in the first half, of John Adams's *Harmonielehre* (1984-5) for a first London performance deserves a special salute. The work is long (40 minutes), grandly scored, sweeping in its sound-vistas, and immensely taxing. It was by no means a foregone conclusion that the orchestra would master it as impressively as it did.

Adams, the American composer of the operas *Nixon in China* and the brand-new *Death of Klinghoffer*, has been called a "second-generation minimalist". With hindsight *Harmonielehre* can be seen as an important mid-'80s milestone on the road toward the operas. In it Adams was exploring ways of treating repeated figures and long, slowly-changing periods – those basics of the Reich-Glass minimalist inheritance – not as ends in themselves but as foundations upon which to build large neo-Romantic edifices.

The first and third movements, both forward-moving, set upward-rising melodies soaring above glittering, whispering, or pulsating ostinatos; at the close of the work Adams arrives at a grandiose E-major peroration, all stops pulled out and for all the world as though the heaven-storming end of a Bruckner symphony had been reached. The purpose of the whole work, it seems, is to use this "minimalist-plus" musical language to recover areas of Romantic sensibility (Brucknerian quest and Brucknerian triumph in the outer movements, an intentionally *Parsifal*-like pathos in the slow middle) sacrificed by the 20th-century avant-garde.

It's a brave conception, and Adams achieves it with unflappable confidence and skill. The expertise of his orchestral writing is not to be sneered at; nor is his control of harmonic movement – the paragraphs of *Harmonielehre* are long but carefully structured, and "consecutive" in shape and purpose. What worries me, though, is the feeling (I had it during *Klinghoffer*) that the work has been assembled rather than created; that its Romantic strivings are mimetic rather than produced out of gut necessity; and that there is something centrally – fatally – "easy" about the neo-Romantic experience Adams proposes.

Not, though, to his executants: the need for long shining lines supported by pinpoint rhythms is unceasing. Under Chistopher Adey the young players may occasionally have smudged the notes, but never the spirit. This was a ringing, rousing performance, full of colour and energy. And even if there were shaky moments throughout its course, so was the Stravinsky after the interval. Altogether, this was another typically rewarding NYO concert.

Max Loppert

The Tennstedt touch

KLAUS TENNSTEDT'S appearances with the London Philharmonic Orchestra have become infrequent and unpredictable, but he arrived safely at the Royal Festival Hall earlier this week to conduct Czech music – a short, "popular" but highly electrified programme from the three most honoured Czech composers. (It drew a full house.) Given an orchestra like on the LPO on best form, electrifying Smetana's *Bartered Bride* Overture isn't hard; but Dvorák's Symphony no. 8 in G is not by nature a high-voltage affair, and though the Janáček Sinfonietta is an exciting piece it is also considerably more than that. What Tennstedt did with it all was, as usual, continuously interesting.

For the Smetana he got crackling diction from his strings, essential (but uncommon) in all those urgent, stammering *fugati*. The Overture whizzed and rollicked; a single complaint – perhaps captious – suggested itself, which was that the syncopated opening motif never quite penetrated its orchestral surround at *any* of its recurrences. First-time hearers probably wouldn't have learned exactly how it goes, and therefore not how it's related, cleverly, to the rest of the music. The general effect was nonetheless brilliant and bracing.

So too with Dvorák's amiable Eighth: not the most cogently developed of symphonies, but full of passages that invite vivid realisation. Tennstedt seized upon every opportunity – never opportunistically, but with close and almost feverish sympathy. The waltz-moments in the third movement had an overwrought, delirious tilt; and for the variation-finale the conductor let any pretence of symphonic continuity go hang in favour of setting each new orchestral twist in a phosphorescent light. It was fascinating to hear, and not in any obvious way unfaithful. How often does Dvorák's Eighth seize the ear so tenaciously?

The 72-year-old Janáček's Sinfonietta is another matter, purposefully odd in proportion to its elevating aim. Nearly all its orchestral effects are *outré*, but written indelibly into the score and crucial to its dramatic structure; Tennstedt and the LPO captured them marvellously, with virtuoso security (where more often we hear chalky scrapes and squeaks). On the first subterranean level, there is a tough web of thematic connections, which Tennstedt also revealed with a sure hand. The Sinfonietta has, however, a further "monumental" aspect: a sense of eccentric but persuasive rotation from the grand opening brass-chants, through village-dance and children's-game episodes, to a majestically fervent return. This time, one didn't quite feel that.

Nearly everything along the way had been febrile to a degree, even grotesque (as Janáček's experimental orchestration invites); and the long build-up to the return was too nervily teasing, the return itself insufficiently broad and sweeping – though glamorously delivered by the LPO brass – to have the exultant weight of a real Q.E.D. Though Tennstedt made every bit of the score gleam with imagination, he missed by a small margin the feeling of a conclusive whole, of a full-hearted secular reconciliation with the world as it is. Though one doesn't have to believe in that, it's nice to be tempted toward it from time to time.

David Murray

Radio

Conversation in good company

HUGH WHITEMORE'S *Best of Friends* (Radio 4, Saturday) is hardly a play, just a conversation-piece. But the conversation of Sir Sydney Cockerell, Bernard Shaw and Dame Laurentia McLachlan is stimulating, and the performances, by Sir John Gielgud, Denys Hawthorne and Rosemary Harris, were so near to ideal, that 90 minutes of a Saturday afternoon could hardly have been better spent. Cockerell was Director of the Fitzwilliam Museum, Dame Laurentia was a nun in an enclosed order, and Shaw was Shaw. What they had in common was intelligence and humanity, love of music, love of art, and this anthology of their exchanges, extracted mainly from their letters, showed understanding at its best. John Theocharis directed, and I am sure it was not his idea to schedule the incomparable Gielgud against football and racing.

There was varied action in Radio 3's Sunday play, John Purser's *Carver*, including the death (offstage) of King James V of Scotland. Robert Carver was a Scottish composer (1490-1546 more or less) and we spend much time in the cathedral at Dunkeld, where he rehearses his splendid music. An armourer outside sings the latest pop number, "L'homme armée". Purser has hardly connected his sundry plots, but here are some hints.

Carver (Tom Fleming) has a mistress, Margaret (Anne Kristen), and a bastard son, Davie (Kenneth Glenaan), backward but a fine singer. He also has a sister Isobel (Hilary Maclean), who hopes to marry Alan Richardson (Benny Young), another composer, but of the faction hoping to simplify church music. Alas, Isobel is pregnant by the king. The king's wife, Marie of Guise (Anne Lacey), is pregnant often enough, but never produces an heir. Davie plays Cain in a pageant where the king is Adam, and in rehearsal accidentally kills the boy playing Abel. The king is deserted by his troops at Solway Moss, and Marie has a daughter, Mary Queen of Scots.

As in Whitemore's piece, we must be content with a landscape rather than a specific story. I thought it interesting and well done, with Carver's music nobly sung by the Taverner Consort under Andrew Parrott. (Carver's ten-part Mass *Dum sacrum mysterium* was sung on Radio 3 on Tuesday.) Stewart Conn was the director, in Edinburgh's new digital studio.

Radio 4 plumbed the lower reaches of drama in *The Last Castrato*, by Anthony George, on Thursday. A famous boy treble disappears, is thought kidnapped. Mr Jones dreams that he knows where he is, indeed "sees" him in a room with a man holding a knife, so he tells Jack, a police-sergeant. Jack knows better than to alert the CID, but he and Jones track down a man, brother of an otherwise pointless clown, who was himself once a boy star. Jones is sure the boy is in the house, but they don't find him, all they get is talk about the life of a juvenile prodigy. Then the radio news says that the boy has returned unhurt, though he had been made to sing. I think there was a moral about youthful genius, but there wasn't much else, and we never heard the boy, only purported records of a real castrato. The Radio Times called this a thriller. Nigel Bryant directed.

Though it's not at my bedtime, I was delighted by Barbellion's *Journal of a Disappointed Man* as the Book at Bedtime, read by Jeremy Nicholas. The book at my proper bedtime, about an hour later, is *Soldiers and Innocents* by Russell Celyn Jones, about a soldier who goes AWOL with his little son. I find the tale unsympathetic, especially as Ioan Meredith's reading is so convincing.

I was misinformed last week, alas, and so were you. *I'm so happy for you, I really am* was not on Radio 3 last Thursday, but may be heard next Monday at 8.10 pm. I'm so happy for you, I really am.

B.A. Young

The Official London Theatre Guide

Supplied by The Society of West End Theatre

ADELPHI, Strand. **Me and My Girl** — Charing Cross

ALBERY, St Martin's La. **Blood Brothers** — Leicester Square

ALDWYCH, Aldwych. **Coriolanus/Winter's Tale** — Holborn

AMBASSADORS, West St. **My Lovely... Shayna Maidel** — Leicester Square

APOLLO, Shaftesbury Ave. **Don't Dress For Dinner** — Piccadilly Circus

APOLLO VICTORIA, 17 Wilton Rd. **Starlight Express** — Victoria

CAMBRIDGE, Earlham St. **Return to the Forbidden Planet** — Covent Garden

COLISEUM, St Martin's La. English National Opera: **Don Giovanni/Salome** — Leicester Square

COMEDY, Panton St. **The Homecoming** — Piccadilly Circus

DOMINION, Tottenham Court Rd. **42nd Street** Until April 20 — Tott. Court. Rd.

DRURY LANE, Catherine St. **Miss Saigon** — Covent Garden

DUCHESS, Catherine St. **Run For Your Wife!** — Covent Garden

DUKE OF YORK'S, St Martin's La. **Shirley Valentine** — Leicester Square

FORTUNE, Russell St. **The Woman in Black** — Covent Garden

FORTUNE, Russell St. **Marie Lloyd Queen of the Halls** Sundays Only — Covent Garden

GARRICK, Charing Cross Rd. **The Rehearsal** — Leicester Square

HAYMARKET, Haymarket. **Silly Cow** — Piccadilly Circus

HER MAJESTY'S, Haymarket. **The Phantom of the Opera** (Postal Bookings) — Piccadilly Circus

LONDON PALLADIUM, Argyll St. **Show Boat** — Oxford Circus

LYRIC, Shaftesbury Ave. **Five Guys Named Moe** — Piccadilly Circus

NATIONAL THEATRE, South Bank. Olivier: THE TRACKERS OF OXYRHINCHUS/ THE WIND IN THE WILLOWS; Lyttelton: RICHARD III/THE VISIT; Cottesloe: INVISIBLE FRIENDS/ THE SHAPE OF THE TABLE — Waterloo

NEW LONDON, Drury Ln. **Cats** — Holborn

OLD VIC, Waterloo Rd. **Carmen Jones** — Waterloo

PALACE, Shaftesbury Ave. **Les Miserables** — Leicester Square

PHOENIX, Charing Cross Rd. **Dancing at Lughnasa** — Tottenham Ct Rd

PICCADILLY, Denman St. **The Rocky Horror Show** — Piccadilly Circus

PLAYHOUSE, Northumberland Ave. **Twelfth Night** — Embankment

PRINCE OF WALES, Coventry St. **Aspects of Love** — Piccadilly Circus

QUEENS, Shaftesbury Ave. **Matador** — Piccadilly Circus

ROYAL COURT, Sloane Sq. **Top Girls** From April 10 — Sloane Square

ROYAL OPERA HOUSE, Covent Gdn. Royal Opera: DIE ZAUBERFLOTE/ BORIS GODUNOV; Royal Ballet: AGON PROGRAMME — Covent Garden

ROYAL SHAKESPEARE CO. Barbican: MUCH ADO ABOUT NOTHING/ LOVE LABOURS LOST; Pit: THE LAST DAYS OF DON JUAN/ TWO SHAKESPEAREAN ACTORS — Barbican

SADLER'S WELLS, Rosebery Ave. **The Gondoliers/Iolanthe** Until Apr 13 — Angel

SHAFTESBURY, Shaftesbury Ave. **Jeffrey Bernard is Unwell** — Tottenham Ct Rd

ST MARTIN'S, West St. **The Mousetrap** — Leicester Square

STRAND, Aldwych. **Dave Allen** Until May 4 — Covent Garden

VAUDEVILLE, The Strand. **Kit and the Widow Lavishly Mounted!** — Charing Cross

VICTORIA PALACE, Victoria St. **Buddy** — Victoria

WHITEHALL, Whitehall. **Rick's Bar Casablanca** — Charing Cross

WYNDHAM'S, Charing Cross Rd. **What the Butler Saw** — Leicester Square

Prices given are for evening performances. Matinee and some weekday evening prices may differ. Please call Box Office for details.

Theatreline

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A man at war with himself and the world

Claire Armitstead reviews Seamus Heaney's play 'The Cure at Troy'

STRANDED ON an island with a gangrenous foot which makes him so repugnant that no-one will give him ship-room, Philoctetes howls with pain, rage and the misery of the human condition. He is a man at war with himself, his fate and the world – the tortured, clay-smeared inhabitant of a cranny in a fallen lump of statuary. He is also, in Seamus Heaney's adaptation for the Derry-based touring company Field Day, *The Cure at Troy* at the Tricycle Theatre, Kilburn an embodiment of the self-destructive anguish of Northern Ireland.

Change of title notwithstanding, Heaney sticks remarkably close to his Sophoclean source. It is Philoctetes' destiny to put his grievances behind him and help in the sack of Troy. The agent of his fate is young Neoptolemus, son of Achilles, who is employed by Philoctetes' sworn enemy Odysseus to lure the outcast on to a boat together with the magic bow that is needed to secure Troy's downfall.

But Neoptolemus is an honourable man, who is caught between two forms of principle: belief in personal integrity or loyalty to the Organisation, the former personified in Des McAleer's epileptically raging Philoctetes and the latter in Ian McElhinney's smoothely efficient Odysseus. It does not take a great stretch of the imagination to see the fresh-faced Neoptolemus of Sean Rocks as a Republican volunteer squaring up to the demands of political expediency. As Odysseus says, in justification of his policy of lies: "Persuasion wouldn't work; neither would force."

It takes a rather greater stretch of the imagination to understand what Philoctetes himself stands for, given that the Greeks are merely offering him what he has wanted all along: to escape from his lonely island and find a cure for his gammy leg. One could argue that his apparent perversity typifies the political confusion of the Six Counties. To Field Day's home audiences, his predicament probably requires no further explanation in its representation of daily frustrations and self-mutilations. But the shared preoccupations of the province's politics and its drama creates a shorthand which we, in Kilburn, are not always equipped to read.

The most obvious example is Heaney's failure, until a final choric interpolation, to spell out the parallels between Philoctetes and Ulster as embittered victims of historic injustice. "History says don't hope for justice on this side of the grave," chant the scarlet-garbed chorines, after describing some of the victims of everyday atrocities. "Believe in miracles and cures and healing wells."

Contagion in the body politic: Des McAleer, centre, as Philoctetes

One wishes they had been allowed to say it earlier, so that one could have spent the body of the play mulling the implications of such an act of faith in the face of such a body of evidence. It would have made the issues considerably clearer, without undermining the complexity of Philoctetes' predicament.

This lack of clarity is emphasised by the pleasingly direct and untricksy style of Stephen Rea and Bob Crowley's production. The chorus-work is particularly strong and focussed, while it would be hard to find a more graphic illustration than the racked torso of Des McAleer of contagion in the body politic.

Under Iolanthe's spell

FROM THE D'Oyly Carte Opera Company comes one of the best and brightest things to hit the Gilbert and Sullivan scene for many a year. This delicate mixture of traditional art and new wit is all the more welcome on the heels of the company's *Gondoliers*, almost shipwrecked by tasteless gimmickry and nudging of the audience.

Iolanthe itself has a claim to be Sullivan's most enchanting score, and the wonder is that Gilbert's topical satire of Victorian politics has not become entirely irrelevant. Not that the creators could have anticipated the modern overtones of "fairy", inevitably raising titters at Thursday's performance. Yet fairyland in its pure sense is here allowed to re-assert its magic not only in Sullivan's music but in winged, gauzy costumes (designer, James Hendy) which are somehow no worse for being given a flavour of the 1920s.

That era also leaves its mark on the dancing, but the actual use of dancing to define character and situation is happily traditional. New, and typical of many amusing touches in the stage direction of Andrew Wickes and the choreography of Suzanne Hywel, is the single encore – the male trio, "If you go in", repeated with a clowning allusion to the handkerchiefs and jingles of Morris-dancing. The only innovation which could be called intrusive is the seven-a-side cricket match played by the peers during their singing of "Bow, bow ye lower middle classes."

To this treatment is matched a fully sonorous, finely-detailed musical performance (slightly slow, some may think) under John Pryce-Jones. A splendid cast with not a single weakness embraces the dazzling new talent of the nimble, bright-toned Elizabeth Woollett (as Phylis, whether in shepherdess's or flapper's costume) alongside the old-style dignity of Jill Pert as Queen of the Fairies, a warm characterisation as beautifully spoken as sung, never allowed to harden into the grotesque. The style is likewise caught in Regina Hanley's title role, Russell Dixon's Lord Chancellor, John Rath's Private Willis, Philip Blake-Jones's Strephon, Philip Creasy's Lord Tolloller and Lawrence Richard's Lord Mountararat – this last surely too old, however.

The company has announced its intention of stepping out of Gilbert and Sullivan into a wider field of operetta. Provided that this *Iolanthe* and not *The Gondoliers* is the model, the prospect is a happy one.

Arthur Jacobs

Alastair Muir

Elizabeth Woollett and Philip Blake-Jones

Video

Savour, not skim

THE FACE Of Fear, Rawhead Rex, Slaughter High, Desire And Hell At Sunset Motel, Vampire In Venice, American Ninja 4, C.H.U.D. II – Bud the Chud (?!?) ...

The monthly list of video new releases makes wondrous reading. These goodies, garnished with interchangeable or incomprehensible titles, are all promised for April. Being a kindly fellow, I usually draw your attention only to releases with a proven cinema track record: such as, this month, Woody Allen's *Crimes And Misdemeanors* (Rank), John Boorman's *Where The Heart Is* (Guild) or Alan J. Pakula's *Presumed Innocent* (Warner). All worthwhile: more later.

But anyone who browses in video shops knows that these are the tip of the iceberg. Most shelves are taken up with titles that promise your brain the same out-of-the-blue collision damage that greeted the Titanic. A large hole will be ripped in your sanity by bad acting, cheap visuals, jagged sensationalism and derivative plots.

Why does the viewing public tolerate on video films that they would never watch at the cinema or on network TV? Because, as with a cheap paperback, they can skip and skim. (And who would begrudge them those idle hours?) What concerns me is that after a prolonged course of idle-hour viewing habits, our Video Age minds develop the same skim-reading approach to good films as to bad. We fast-forward through the longueurs and slow down for the juicy parts. You find yourself – I have seen it happen – take this white-knuckle approach alike to *Citizen Kane* as to *Slaughter High, The Godfather* as to *Bud The Chud*. "Never mind the longwinded bits; let's get to the murders and love scenes."

This is a prelude to urging you to slow down and savour the best. Take *Crimes And Misdemeanors*. On the surface, Woody Allen's two-plots-in-one film could have been made for the age of teensy attention spans. One story concerns a murder and has married ophthalmologist Martin Landau bumping off troublemaking mistress Anjelica Huston; the other stars Woody himself as a small-time documentarist making a TV film about a bloated media star (Alan Alda).

Both stories, one tragic, one comic, gallop along. But if you gallop along in your viewing, you will miss a wealth of double-takes and sly laughs in the corners of the canvas. Allen plants clues and grace-notes like a man laying a Treasure Trail. The furniture and objects in a house tell us all about its owner. The actions of a party guest at the back of a room may be commenting slyly on the foreground action. And in Allen's own scenes, the star quietly, hilariously boggles at the side of the screen while Alda quacks out his self-important maxims. ("Comedy is tragedy plus time").

The same advice to savour and not speed applies to Boorman's *Where The Heart Is*. The British director of *Excalibur* and *Hope And Glory* creates a daffy fable about a New York building contractor (Dabney Coleman) and his rebellious, hippy-ish children. This knockabout *King Lear* is energised not by its simple plot but by its richly textured details: the batty badinage in the Bohemian household the children set up, adopting such human curios as dress-designer Crispin Glover and tramp Christopher Plummer; and in the ingeniously weird *trompe l'oeil* decor, including "live" paintings.

A good movie is more than the sum of its plot points and action scenes. Even a thriller like *Presumed Innocent*, from Scott Turow's best-seller about a murder-suspected lawyer (Harrison Ford), can find a director alert to resonant touches of style. Alan J. Pakula (*Klute, All The President's Men*) turns the film into a prowl through the privileged spaces of power, shot in mahogany browns with the warm, deceptive glow of wealth.

Finally, the mischievous lure of the bargain. The latest mixed blessing of the video market to encourage aesthetic disrespect is the cut-price cassette. Only £7.99 each for perennials like *The Bridge On The River Kwai, Close Encounters Of The Third Kind, And Now For Something Completely Different* and *Funny Girl* (all from RCA/Columbia)? Let's skim through them.

Let's not. They were made to be savoured. Let's savour them.

Nigel Andrews

Chess No 867

1 b5! Bb7 2 Kd4 Kf7 3 Ke3 Ke7 4 Kf4 Kf7 5 Be2 Kg7 6 Bxh5! gxh5 7 Kf5 Kf7 8 g6+ Kg7 9 Kg5 with 10 Kxh5 and the united pawns win.

Gable's Romeo

CAN A dance drama be *too* dramatic? After seeing Christopher Gable's new production of *Romeo and Juliet* for his Northern Ballet Theatre at the Palace Theatre, Manchester, in which the story is pitched on a level of extreme emotional vivacity, I am inclined to believe that excess drama is as fatal as overdosing on anything else. Gable has set his staging during carnival week – Verona apparently host to Hyperactives Anonymous – and it is the credo of the company that the entire cast shall know exactly who they are and, by Heaven, shall let us know that they know. The effect is of listening to the play through a buzz of crowd noise from the rest of the players: never was there truer theatrical advice than "Don't just do something: stand there!"

In an eager belief that ten dancers can seem like fifty if they are busy enough – and NBT is a medium-to-small company which must extract every bit of scenic juice from a character – this version makes its vehement points, and nearly swamps the young lovers in local colour and meaningful production ideas.

Matters might seem less unrelenting were the choreography of any merit. For this Gable has turned to the Italian choreographer Massimo Moricone, who has produced thin, awkward dances that sit uneasily upon the performers' bodies. In a ballet pretending to tell the lovers' story with urgency, the dutiful and predictable steps that fell to Vinciane Ghyssens, Wednesday night's Juliet, and Anthony Harith, her Romeo, lacked ecstasy and that bright flowering of feeling that must convince us of their passion. Miss Ghyssens, on whose dulcet Sylphide with the Royal Ballet of Flanders I reported a couple of years ago, is too good an artist not to make something touchingly impetuous of Juliet, but I longed to see her in a version where movement would open out to her gifts rather than pinch and maltreat them.

Of course it is hard for a troupe of NBT's size to deal with the theatrical grandeurs implicit in Prokofiev's score, which is pretty emaciated in sonorities with NBT's small orchestra. There are small, inner hints that Sir Kenneth MacMillan's staging (in which Gable was the fine Romeo) casts a shadow over this version, but MacMillan's lessons – notably about simplicity of expression – have not been learned. It is the uncertainties of Gable's presentation, veering between fantasy and laboured verismo, that bother me, and its gratuitous effects: a woman screaming as she finds a body after the street brawl; the Nurse tittuping on red point shoes like a drag queen in the market; Lady Capulet in a flame red nightdress smearing herself and Romeo with Tybalt's blood.

The production says more about NBT's artistic policies than it does about Romeo and Juliet. One performance, Stephen Walther's beautifully observed and vicious Tybalt, reveals the possibilities and advantages of the NBT approach. So does the design, by Lez Brotherston, which is handsome.

Clement Crisp

TELEVISION

SATURDAY

BBC1

7.05 Open University. 7.30 Pinocchio. 7.55 Eggs 'N' Baker. 8.35 9.00 Going Live! 12.12 Weather.

12.15 Grandstand. Desmond Lynam introduces all of today's action from the Grand National meeting at Aintree: 1.50 The Captain Morgan Aintree Chase, 2.25 The Sanderman Aintree Hurdle, 3.20 The 1991 Seagram Grand National and at 4.40 a round-up of the day's soccer action and the rest of the sporting news.
5.05 News And Weather.
5.15 Regional News And Sport.
5.20 The Flying Doctors. New series. Preacher Man. When an evangelist comes to town, everyone is won over by his charm, but the doctors become concerned when faith-healing is mentioned.
6.05 Jim'll Fix It. Sir Jimmy Savile makes dreams come true for people of all ages.
6.40 Little And Large. Syd and Eddie pay a special tribute to rock legends Status Quo and the Grand Ole Opry plays host to Dolly Parton and Kenny Rogers.
7.10 Fast Friends. Les Dawson and 'Friends' try to win wonderful prizes in this family quiz.
7.40 Film: Overboard (1987). Goldie Hawn stars as the affluent Joanna Stayton who accidentally falls from her million-dollar yacht and loses her memory. Struggling carpenter Kurt Russell sees this as a chance to claim the confused woman as his wife and teach her a lesson in life. Also starring Edward Herrmann.
9.30 News And Sport; Weather.
9.50 Canned Carrott. A close look at cars, cults and life as a Subbuteo footballer with Jasper Carrott.
10.20 The 1991 Seagram Grand National. Re-live every jump of this year's epic Aintree race.
10.40 Film: Endless Love (1981). Franco Zeffirelli's romantic classic starring Brooke Shields and Martin Hewitt as passionate teenagers whose obsessive relationship worries their families. Eventually their meetings are forbidden, but their love refuses to be frustrated. Also starring Shirley Knight, Don Murray and Tom Cruise in his film debut.
12.30 Level 42 Fait Accompli. A record of a hectic year in the life of Level 42 - onstage, offstage and backstage.
1.30 Weather.
1.35 Close.

BBC2

6.50 Open University. 2.45 Mahabharat.

3.25 The Sky At Night. Cosmic rays are not rays, but high-speed particles from space. Patrick Moore is joined by one of the world's leading experts in this field, the Astronomer Royal, Professor Arnold Wolfendale.
3.45 Film: Giant (1956). Family saga spanning three decades, based on the best-selling novel by Edna Ferber. After a whirlwind romance, the beautiful Leslie marries Bick Benedict and heads for Texas and a new way of life. Here, she meets the tyrannical Luz Benedict and the surly young Jett. Starring James Dean, Elizabeth Taylor and Rock Hudson.
6.55 Late Again. Highlights of The Late Show.
7.25 News And Weather.
7.40 Heart Of Soweto. Set against the backdrop of a country in turmoil, this is the story of the hopes and fears of two pregnant Soweto women. Rebecca is expecting her third baby, while this is Euginia's first pregnancy.
8.10 The Civil War. A Very Bloody Affair. Shiloh is Hebrew for place of peace, but 23,000 Americans were killed or wounded there - more than all American casualties in all previous American wars.
9.10 Twin Peaks. A visit from an old lover interrupts Ben Horne, who is busy changing history at the Battle of Gettysburg. Kyle MacLachlan stars as Special Agent Dale Cooper.
9.55 Film: Yeelen (1987). Set in Africa, in the land of the Bambaras, this is the tale of a young man who is granted magical gifts. However, his father is afraid of his power and sets out to kill him. Starring Issiaka Kane and Aoua Sangare.
11.35 Film: Crossfire (1947). A vicious murder shows disturbing signs of fanatical anti-semitism, and the police are led on a wild goose chase through sinister city streets by an insane ex-soldier. Starring Robert Mitchum and Robert Young.
1.05 Close.

LWT

6.00 TV-Am. 9.25 Ghost Train. 11.30 The ITV Chart Show. 12.30 Saint & Greavsie.

1.00 ITN News. Followed by ITV National Weather.
1.05 LWT News And Weather.
1.10 Grand Sportsmasters. Dickie Davies introduces the second quarter final in the quest to find a champion of champions.
1.40 World Sport Special.
2.10 The Day.
2.15 Golf: Pga Tour '91. The Players Championship.
3.10 Film: Bottoms Up (1960). Jimmy Edwards and Arthur Howard star in this comedy classic about a schoolmaster who attempts to pass his bookie's son off as an Eastern prince. Written by Frank Muir and Denis Norden.
4.45 Results Service.
5.00 ITN News. Followed by ITV National Weather.
5.05 LWT News. And LWT Weather.
5.15 The Wizjin' Pom. Things go bump in the night when the Aussies arrive at a deserted hotel.
5.45 Macgyver. (New Series)
6.40 Davro.
7.10 You Bet!
8.10 Perfect Scoundrels. (New Series) With Peter Bowles and Bryan Murray.
9.10 ITN News And Sport. Followed by ITV National Weather.
9.25 LWT Weather.
9.30 Taggart The Movie. Love Knot. A feature-length crime drama involving the Glasgow detective.
11.00 Film: Tilt (1978). Starring Brooke Shields, Ken Marshall and Charles Durning.
1.00 Film: The House In The Wood. Inspector Schimanski investigates the mysterious disappearance of Michael Mung, a journalist turned travel guide, after the man's lover appeals to him for help. Starring Cotz George. Followed by ITN News Headlines.
2.45 Backstage.
3.00 American College Football. Syracuse v Pittsburgh. Followed by ITN News Headlines.
4.00 The Hit Man And Her.
5.00 The Twilight Zone. Curious Case Of Edgar Wither. An investigation into an old man who collects strange items at all hours of the day leads to a bizarre secret hidden in his room. Starring Harry Morgan.
5.30 ITN Morning News.

CHANNEL4

6.00 Comic Book. 7.30 The People's Game. 8.00 Trans World Sport. 9.00 News Summary. 9.04 Channel 4 Racing: The Morning Line. 9.25 Sing And Swing. 9.30 Same Difference. 10.00 Free For All. 10.30 Wagon Train. 11.30 World League Of American Football.

12.30 The Munsters.
1.00 Film: Theodora Goes Wild (1936). Comedy starring Oscar nominee Irene Dunne as a New England Spinster who goes wild when she goes to New York after writing a racy best-seller.
2.45 Film: The Awful Truth (1937). Classic Thirties comedy starring Irene Dunne and Gary Grant as a husband and wife who divorce and then realise that they cannot live apart. With Ralph Bellamy. (B/W)
4.25 Walkie Talkie: The Duke Of Westminster. Muriel Gray's series of interviews took place on her subjects' favourite walks. Today she meets the Duke of Westminster, the richest man in Britain.
4.55 Lady Fishbourne's Complete Guide To Better Table Manners. Canadian cartoon.
5.05 Brookside Omnibus.
6.30 News Summary. Including Weather followed by Right To Reply.
7.00 Sound Stuff: The Django Legacy. Second in a new series of music documentaries looks at the musical tradition started by the great gypsy guitarist Django Reinhardt. **8.00 Swastika Over British Soil.** Another chance to see this documentary about the Nazi occupation of the Channel Islands during World War II, combining archive footage and interviews.
9.00 Thirtysomething. Starting a new series of the award-winning American drama.
10.00 4-Play: Finding Sarah. Carol was adopted as a baby. Now married and with her own baby, she sets out to find her natural mother, but meets opposition.
11.10 A Shoe Fetishist's Guide To Bruce Morton. An evening of surreal comedy on everything from Glasgow chip shops to sexual fetishism and the paranormal with young Scottish comedian Bruce Morton.
11.40 After Dark. Six guests are invited to discuss a topical issue for as long as they want, in this live, open-ended discussion show. Last in the current series.

REGIONS

S4C as Channel 4 except: 10:00 The Garden Club. 10:30 Free For All. 11:00 The Painter's World. 11:30 Remote Control. 12:00 Jonathan Ross. 12:30 Sumo. 1:00 World League American Football. 2:00 Film: Fame Is The Spur. 4:05 Lisa Stansfield. 6:40 Lleian Syd Gorau'n Byd. 8:05 Y Maes Chwarae. 9:05 Film: Wetherby. 11:00 Of Dice And Men. **IBA Regions as London except at the following times:-**
ANGLIA 1:05 Anglia News And Weather. 1:40 Mccloud. 3:00 The Ngaio Marsh Mysteries. 5:05 Anglia News, Sport And Weather. 5:45 The A-Team.
BORDER 1:05 Border News. 1:40 The Silk Road. 2:35 Rugby League - Live. 5:10 Border News. 5:45 The A-Team. 11:00 Magnum.
CENTRAL 1:05 Central News. 2:10 Out Of Limits. 2:20 Matlock. 3:15 Film: Tiger Of The Seven Seas. 5:10 Central News. 5:45 The A-Team. 11:00 Film: Lone Wolf Mcquade.
CHANNEL 1:05 Diary Dates. 1:40 Motorsport Special. 2:10 The Life & Times Of Grizzly Adams. 3:05 Ngaio Marsh Mystery: Died In The Wool. 5:10 Channel News. 5:45 The A-Team. 9:30 Taggart - The Movie. 11:00 Film: Tilt.
GRAMPIAN 1:05 Grampian Headlines. 1:40 Le Durachd. 1:45 Beatha 'N Fhasaich. 2:15 Crann Tara. 2:50 The Life And Times Of Grizzly Adams. 3:50 Coronation Street. 4:45 Scotsport Results. 5:10 Criomagan. 5:45 The A-Team. 11:00 Philip Marlowe - Private Eye. 11:55 Film: The Four Seasons.
GRANADA 1:05 Granada News. 1:40 Mccloud. 2:35 Rugby League - Live. 5:10 Granada News. 5:45 Beverly Hills, 90210. 11:00 Philip Marlowe - Private Eye. 11:55 Film: The Four Seasons.
SCOTTISH 1:05 Scotland Today. 1:40 Pick A Number. 2:10 Backstage. 2:30 Film: Beloved Infidel. 4:45 Scotsport Results. 5:10 Scotland Today. 5:45 The A-Team. 9:25 Scottish Weather. 11:00 Film: Women Of Straw.
TSW 1:05 TSW News And Weather. 1:40 The South West Week. 2:10 Spirit Of The Cities. 3:05 Cartoon Time. 3:1 Film: Tiger Of The Seven Seas. 5:05 TSW News And Sport. 5:10 Gus Honeybun. 11:00 The Law And Harry Mcgraw.
TVS 1:05 TVS News And Weather. 1:40 Motorsport Special. 2:10 The Life And Times Of Grizzly Adams. 3:05 Film: Died In The Wool. 5:10 TVS News And Weather.
TYNE TEES 1:05 Regional News. 1:40 Mccloud. 2:35 Rugby League - Live. 5:05 Northern Life - Saturday Special. 5:45 The A-Team. 11:00 The New Avengers. 11:55 Film: The Four Seasons.
ULSTER 1:05, 5.10, 9.25, Ulster News and Weather. 1:40 Superstars Of Wrestling. 2:40 The A-Team. 3:40 The Munsters Today. 4:10 Blockbusters. 11:00 Philip Marlow - Private Eye. 11:55 Film: The Four Seasons.
YORKSHIRE 1:05, 5.05, Calendar News. 1:00 Mccloud. 2:35 The Spectacular World Of Guinness Records. 3:09 Ngaio Marsh Mysteries. 5:45 The A-Team. 11:00 Soccer Special. 11:55 Film: Tilt.

SUNDAY

BBC1

7.10 Open University. 8.55 Playdays. 9.15 Articles Of 9.30 This Is The Day. 10.00 Step Up To Wordpower. Making the most of an interview means research, preparation, rehearsal, being positive and having lots of friendly persuasion.

10.25 Mexico Vivo. Coral reefs and Mayan ruins are big attractions on Mexico's Caribbean coast. But visitors risk destroying the things they come to see.
10.50 State Of Training. Presenter Martin Young looks at changes in employers' and workers' attitudes.
11.40 Bazaar.
12.05 Sign Extra.
12.30 Country File. with John Craven.
12.55 Weather For Farmers.
1.00 News; Tom And Jerry.
1.10 The High Chapparal.
2.00 Eastenders.
3.00 Film: Finian's Rainbow (1968). Musical tale of Finian McLonergan and his daughter, whose arrival in the American South with a crock of gold brings magic to a small community battling greed and racism. Features such songs as Look to the Rainbow, That Old Devil Moon and How are Things in Glocca Morra? Starring Fred Astaire and Petula Clark and directed by Francis Ford Coppola.
5.15 Popeye.
5.25 Ok2 Talk Feelings.
5.35 Superdogs. Final of The Winalot Challenge Trophy.
6.15 Lifeline. Bob Hoskins appeals on behalf of Alone in London, a charity for young homeless people.
6.25 News And Weather.
6.40 Songs Of Praise. From Llandudno.
7.15 Brush Strokes.
7.45 Butterflies.
8.15 The Olivier Awards 1991. Angela Lansbury hosts theatrical awards evening.
9.35 News And Weather.
9.50 Mastermind. With specialists on the Life and Career of Mahatma Gandhi, the History of Cuba, 1492-1989, the Lives and Films of the Marx Brothers and the Life and Work of Charles Darwin.
10.20 Heart Of The Matter with Joan Bakewell.
10.55 Walk The Talk. Anita Roddick talks about successful business management.
11.20 Mahabharat.
12.00 Weather.
12.05 Close.

BBC2

8.35 Open University. 12.00 Us Masters Golf 1990. 12.50 Town Portraits. 1.00 Open University. 1.25 Film: Master Of Ballantrae (1953). 2.50 Animation Now.

3.00 One In Four. An insight into the activities of disabled war veterans in the USA, and at the unseen war of disability on both sides of the Atlantic. With subtitles and sign language.
3.25 Film: Fanfan La Tulipe (1951). Adeline, daughter of a recruiting sergeant in the army of Louis XV, lures prospective soldiers with fantastical prophesies. She tells Fanfan he will meet with great fortune and marry the king's daughter. In pursuit of his destiny, Fanfan displays unparalleled courage which results in a meeting with the princess. Starring Gerard Philipe, Gina Lollobrigida and Marcel Herrand.
5.05 Rugby Special. The Pilkington Cup semi-finals. Northampton v Orrell and Harlequins v Nottingham.
6.05 The Clive James Interview. Leading Soviet journalist and prominent Gorbachev supporter Vladimir Pozner talks about his views on recent events in the Soviet Union.
6.40 Cosi Fan Tutte. Peter Sellars' innovative production of Mozart's cynical and romantic opera, set in the thoroughly modern surroundings of an American diner.
10.00 Screen Two: Aimee. Frank Summers has run away - from a career as a successful rock promoter and an anguished private life. Now he's facing the hardest of all moral choices. Donald Sumpter and Juliet Stevenson star in Guy Hibbert's drama which concludes the season.
11.40 Def II: Rapido. With Antoine de Caunes.
12.15 Close.

LWT

6.00 TV-Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Visions. 12.30 LWT News Weekend.

1.00 ITN News. Followed by ITV National Weather.
1.10 Special Inquiry. (New Series) Damaged Generation. With the divorce rate soaring, a look at radical options to protect the next generation.
2.00 Cartoon Time.
2.20 Film: Doctor At Sea (1955). A young doctor flees from the threat of a forced marriage when he signs up as a ship's medical officer. A comedy of errors, starring Dirk Bogarde and Brigitte Bardot.
4.00 The London Match. Introduced by Jim Rosenthal with commentary by John Helm.
6.00 Bullseye. Hosted by Jim Bowen.
6.30 ITN News. Followed by ITV National Weather.
6.35 LWT News. Followed by LWT Weather.
6.40 Highway.
7.15 Watching.
7.45 The Darling Buds Of May. (New Series) The first in a six-part series featuring the thirsty, hungry, lusty, happy and irrepressible Larkin family, immortalised in the novels of H E Bates. The stories, adapted by Bob Larbey, follow the Larkins as they crash their way through the Kent countryside. Starring David Jason, Pam Ferris and Philip Franks.
8.45 ITN News. Followed by ITV National Weather.
9.00 LWT Weather.
9.05 Prime Suspect. (New Series) First of a three-part drama by Lynda La Plante, who wrote Widows. Detective Chief Inspector Jane Tennison has come up through the ranks. When she inherits a murder inquiry she also inherits a very convenient suspect. Starring Helen Mirren and Tom Bell. Continued tomorrow at 9.00pm.
11.05 Celebration. A Night At The Circus: Runaway To Archaos Land. Featuring New wave French circus group Archaos.
12.05 The ITV Chart Show. Followed by ITN News Headlines.
1.05 New Music.
2.05 Film: Little Darlings (1980). Starring Tatum O'Neil.
3.50 Indy Car Racing. Vancouver Grand Prix.
4.50 Pick Of The Week.
5.20 Backstage.
5.30 ITN Morning News.

CHANNEL4

6.05 Trans World Sport. 7.00 Eureeka's Castle. 7.30 Foofur. 8.00 Sharkey And Georges. 8.30 Betty's Bunch. 9.00 California Raisin Show. 9.25 Mahfil. 10.00 Answering Back. 10.45 Dennis. 11.00 Boom! 11.30 The Lone Ranger.

12.00 The Waltons.
1.00 Voyage To The Bottom Of The Sea. The Saboteur. The US is left defenceless when enemy agents brainwash Commander Crane. Will the the crew of the Seaview realise in time?
2.00 Film: A Tree Grows In Brooklyn (1945). Powerful and sensitive emotional drama about a young girl growing up in a New York tenement with her Irish family. Starring Peggy Ann Garner, Dorothy McGuire and James Dunn. (B/W)
4.25 Walkie Talkie: James Lovelock. Today Muriel Gray, whose interviews took place on her subjects' favourite walks, meets one of the few successful independent scientists in the world.
4.55 News Summary.
5.00 Five From Home. A new series looking at point-to-point racing in Northern Ireland.
6.00 The People's Game. The Modern Era. Bruce Hammal narrates the final programme telling the 2,000-year story of football. Today, looking at the three teams which have dominated world football since the late '70s Italy, Germany and Argentina.
6.15 Gazza's Soccer School.
6.30 The Wonder Years.
7.00 Fragile Earth: The Egg Detectives. Tonight's programme looks at the work of the RSPB's investigation unit.
8.00 Maestro. Modernism and the 20th Century. Last programme in the series celebrating the history of music in Venice.
9.00 The Media Show. Emma Freud interviews Derek Jarman.
9.45 Film: The President's Analyst (1967). Sharp and witty satire of American politics and espionage centred on the wild adventures of psychiatrist James Coburn after he is appointed analyst to the US President.
11.45 Film: Reed Dolls (1981). This Moroccan film follows the story of a young woman forced into an arranged marriage. When her husband dies, she has a brief affair with a stranger, with tragic consequences. (With English subtitles).
1.15 Close.

REGIONS

S4C AS CHANNEL4 EXCEPT: 12:55 The Three Stooges. 1:20 Acen. 1:30 Bwrw Mlaen. 2:00 Film: Meet Me After The Show (1951). 3:35 Rygbi. 5:25 Get It Together. 5:45 Crystal Maze. 6:45 A Night At The Show. 7:05 Newyddion/News. 7:10 Holi Hwn A Holi Llall. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmolo. 9:00 Dihirod Dyfed. 9:45 Ffiniau. 10:05 The Two Lives Of William Byrd. 11:00 The Media Show. **IBA Regions as London except at the following times:-**
ANGLIA 12:30 Farming Diary. 12:55 Anglia News. 2:00 The Story Of The League Cup 1960-1990. 3:10 Film: Please Sir! 5:05 Highway To Heaven. 6:00 The Village Show. 6:35 Anglia News.
CENTRAL 12:30 Gardening Time. 12:55 Central News. 2:00 The Story Of The League Cup 1960-1990. 3:10 Film: El Dorado (1967). 5:30 It's A Dog's Life. 6:00 All Clued Up. 6:35 Central News.
CHANNEL 10:15 The Littlest Hobo. 12:30 Reflections. 12:35 Les Francais Chez-Vous. 12:50 Tele-Journal. 1:10 Wonderful World Of Disney. 2:00 Shankley - The Legend. 2:55 The Match. 5:05 Magnum. 6:00 Tell The Truth. 6:35 Channel News. 7:15 Trouble In Mind.
GRAMPIAN 10:45 Pick A Number. 11:15 Link. 11:30 Sunday Service. 12:30 Conference Report. 12:55 Grampian Headlines. 2:00 Nothing's Impossible. 3:00 Viv On Sunday. 4:00 Bullseye. 4:30 Country Matters. 5:00 Scotsport. 6:00 Portrait Of The Wild.
GRANADA 12:30 Granada This Week. 2:00 The Story Of The League Cup 1960-1990. 3:10 Film: Oliver Twist. 5:05 Bullseye. 5:35 Coronation Street. 6:35 Granada News.
HTV WEST 12:30 West Country Farming. 12:55 HTV News. 2:00 HTV Newsweek. 2:30 The Story Of The League Cup 1960-1990. 3:40 Film: The Magnet. 5:05 Highway To Heaven. 6:00 Who's The Boss? 6:35 HTV News.
SCOTTISH 10:45 Glen Michael's Cartoon Cavalcade. 11:15 Link. 11:30 Sunday Service. 12:30 Liberal Party Conference Report. 12:55 Scotland Today. 2:00 Scottish Supplement. 2:30 Bullseye. 3:00 Viv On Sunday. 4:00 The Life And Times Of Grizzly Adams. 5:00 Scotsport. 6:00 Scottish International. 6:35 Scotland Today.
TSW 12:30 Farming News. 12:55 TSW News And Weather. 2:00 The Story Of The League Cup 1960-1990. 3:10 Coronation Street. 4:05 The Forum Presents. 5:05 The A-Team. 6:35 TSW News And Weather.
TVS 12:30 TVS News. 12:33 Agenda. 2:00 The Story Of The League Cup 1960-1990. 3:10 Film: The Mountain. 5:05 Magnum. 6:00 The River Thames. 6:35 TVS News.
TYNE TEES 12:25 Breakthroughs. 12:55 Regional News. 2:00 Highway To Heaven. 3:00 The Back Page. 3:30 Bad Man Of Brimstone. 5:05 What A Way To Make A Living. 5:35 Coronation Street. 6:35 Regional News.
YORKSHIRE 12:25 Goals On Sunday. 12:50 Calendar News. 2:00 The Story Of The League Cup 1960-1990. 3:10 Film: The Secret Of The Incas. 5:05 Hard Time On Planet Earth. 6:35 Calendar News.

RADIO

SATURDAY

BBC RADIO 2
6:00 Graham Knight. 7:45 Take 2!. 8:05 Ronnie Hilton. 9:00 Brian Matthew. 10:00 Bridget Rowe. 12:00 Gerald Harper. 1:30 The News Huddlines. 2:00 Jeremy Nicholas. 3:00 Country Greats In Concert. 4:00 The John Dunn Interviews. 5:00 Cinema 2. 6:30 Screenplay. 6:00 Encore. 7:00 Jazz Score. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 The Arts Programme. 12:05 It's A Funny Business. 12:30 Night Ride. 3:00 A Little Night Music. 4:00 David Allan.

BBC RADIO 3
6:35 (Fm Only) Open University.
6:55 Weather And News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 Ulster Orchestra.
9:30 Saturday Review.
12:55 Words.
1:00 News.
1:05 Tokyo Quartet.
2:10 BBC Scottish Symphony Orchestra.
4:00 Tuning Up.
5:00 Jazz Record Requests.
5:45 Third Opinion.
6:30 Parsifal.
10:30 Issues.
10:55 Northern Sinfonia.
12:00 News.
12:05 Russian Orthodox Easter.
3:30 Close.

BBC RADIO 4
6:00 News Briefing.
6:10 The Farming Week.
6:50 Prayer For The Day.
7:00 Today.
9:00 News.
9:05 Sport On 4.
9:30 Breakaway.
10:00 Loose Ends.
11:00 News; Talking Politics.
11:30 Europhile.
12:00 Money Box.
12:25 The News Quiz.
12:55 Weather.
1:00 News.
1:10 Any Questions?.
2:00 News; Any Answers?.
2:30 Saturday Playhouse: Harry Rolt Is Missing.
4:00 News; Birth Of Europe.
4:30 Science Now.
5:00 Conversation Piece.
5:25 Week Ending.
5:55 Weather.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial: The Absentee.
8:45 Kaleidoscope.
9:15 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 News.
10:15 Open Mind.
10:45 Letter From The Balkans.
11:00 Richard Baker Compares Notes.
11:30 The World Of Dowie.
12:00 News.
12:20 Weather; Interlude.
12:44 Close.

BBC RADIO 5
6:00 News And 24 Hours.
6:30 Morning Edition.
8:00 Sport.
9:02 On Your Marks.
12:00 News; Sport.
12:04 Aintree Preview.
12:30 Sports Call.
1:30 Sport On 5.
6:00 As Radio 4.
6:00 News; Sports Round-Up.
6:25 Citizens.
7:10 Stop The Week.
7:45 Classic Serial: The Absentee.
8:45 Kaleidoscope.
9:15 Music In Mind.
9:50 Ten To Ten.
9:59 Weather.
10:00 Sport.
10:15 Open Mind.
10:45 Letter From The Balkans.
11:00 Sport.
11:15 European Concert.
12:00 News And Sport.
12:15 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 5:30 The World Today. 5:45 News Headlines In English And French. 6:47 British Press Review. 5:542 World Business Report. 5:57 Travel And Weather News. 6:00 Newsdesk. 6:30 Londres Matin: News In French. 6:59 Weather. 7:00 Newsdesk. 7:30 Meridian. 8:00 World News. 8:09 Twenty-four Hours Live/News Summary. 8:30 From The Weeklies. 8:45 On The Record. 9:00 World News. 9:09 Words Of Faith. 9:15 A Jolly Good Show. 10:00 World News. 10:05 Waveguide. 10:15 Worldbrief. 10:30 Personal View. 11:00 News Summary. 11:15 Club 648. 11:30 Londres Midi: News In French. 11:45 Mittagsmagazin: News In German. 12:00 Newsdesk. 12:30 Meridian. 1:00 World News. 1:09 News About Britain. 1:15 Multitrack 3. 1:45 Sports Roundup., 2:00 Newshour. 3;00 News Summary. 3:01 Sportsworld. 4:00 World News. 4:15 BBC English. 4:30 News And Features In German/ Weltspiegel; Genauer Betrachtet. 4:59 Travel News. 5:00 World And British News. 5:15 BBC English. 5:30 Londres Soir. 6:14 Letter From America. 6:15 BBC English. 6:29 News Summary. 6:30 Heute Aktuell. 7:00 German Features. 7:54 News In German. 8:00 World News. 8:05 Write On.... 8:15 Londres Derniere: News In French. 8:30 Club 648. 8:45 From The Weeklies. 9:00 World News. 9:09 Personal View. 9:25 Worlds Of Faith. 9:30 Meridian. 10:00 Newshour. 11:00 World News. 11:00 Seeing Strs. 11:20 Jazz For The Asking. 11:50 Sports Roundup. 12:00 World News. 12:05 Worlds Of Faith. 12:10 Book Choice. 12:15 A Jolly Good Show. 1:00 Newsdesk.

SUNDAY

BBC RADIO 2
6:00 Graham Knight. 7:30 Don Maclean. 9:05 Richard Baker. 11:00 Desmond Carrington. 2:00 Benny Green. 3:00 Sounds Easy. 4:00 Marking Time. 5:00 Charlie Chester. 7:00 The Musical World Of Gillian Humphreys. 8:30 Sunday Half-Hour. 9:00 Allan Keith. 10:00 The Arts Programme. 12:05 Personal Choice. 1:00 Night Ride. 3:00 A Little Night Music.

BBC RADIO 3
6:35 Open University.
6:55 Weather And News Headlines.
7:00 Morning Concert.
8:30 News.
8:35 French Baroque Music.
9:15 Glenn Gould.
10:15 Music Weekly.
11:00 From The Proms 1990.
12:25 Schubert.
12:45 Table Talk.
1:00 News.
1:05 Your Concert Choice.
2:30 Celebrity Recital.
3:45 Poet Of The Month.
4:05 A Family Affair.
5:15 Opera News.
6:00 Low Heavens.
7:00 Ravel.
7:30 Don Quixote.
9:30 Studio 7 Concert.
10:55 In The Footsteps Of Brahms.
11:20 Endellion String Quartet.
12:00 News.
12:05 Close.

BBC RADIO 4
6:00 News; Weather.
6:10 Prelude.
6:30 Morning Has Broken.
7:00 News.
7:10 Sunday Papers.
7:15 On Your Farm.
7:40 Sunday.
8:50 Richard Briers.
9:00 News.
9:10 Sunday Papers.
9:15 Letter From America.
9:30 Morning Service.
10:15 The Archers.
11:15 News Stand.
11:30 Pick Of The Week.
12:15 Desert Island Discs.
12:55 Weather.
1:00 The World This Weekend.
2:00 Gardener's Question Time.
2:30 Sunday Playhouse.
4:00 News; Analysis.
4:47 Time For Verse.
5:00 Down The River.
5:40 Tales Of Earth And Water.
5:55 Weather.
6:00 Sports Round-Up.
6:15 Feedback.
6:30 Europhile.
7:30 In Business.
7:30 Bookshelf.
8:00 Punters.
8:40 Reading Aloud.
9:15 The Natural History Programme.
10:00 News.
10:15 In Their Element.
11:00 The First Time.
11:30 Seeds Of Faith.
12:00 News.
12:20 Weather.
12:44 Close.

BBC RADIO 5
6:00 News And 24 Hours.
6:30 Meridian Reports.
7:00 Newsdesk.
7:30 Sunday Edition.
9:00 Sport.
9:04 This Family Business.
10:30 Education Matters.
11:02 Learn To Earn.
11:30 Invitation To Dinner.
12:00 News And Sport.
12:03 Open Forum.
12:22 Maths; Transforming Graphs.
12:41 The Transformation Of Household Activities.
1:00 News And Sport.
1:03 Modern Literature; Home And Abroad.
1:22 Arts; Musical Style.
1:41 Arts Foundation Course; Leisure - The Growth Of Soccer And Organised Sport.
2:00 Sport.
2:02 As Radio 2.
3:00 Sport.
3:02 As Radio 2.
4:00 Sport.
4:02 As Radio 2.
5:00 Sport.
5:02 As Radio 4.
6:00 Sport.
6:10 Bob Hatton Rattle.
6:40 Fanshawe On Five.
7:20 Organic Chemistry.
7:40 Creative Management.
8:00 Mathematic Miscellany.
8:20 Arts Review.
8:40 The Enlightenment: The Country Seat.
9:00 Soundprint.
9:30 Dragnet.
10:00 News And Sport.
10:10 Across The Line.
12:00 News And Sport.
12:07 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 5:30 Seeing Stars. 5:45 News Headlines In English And French. 5:47 British Press Review. 5:52 World Business Review. 5:57 Travel And Weather News. 6:00 World News. 6:30 Londres Matin: News In French. 6:59 Weather. 7:00 Newsdesk. 7:30 Jazz For The Asking. 8:00 World News. 8:09 Twenty-four Hours/ News Summary. 8:30 From Our Own Correspondent. 8:50 Write On.... 9:00 World News. 9:09 Words Of Faith. 9:15 Music For A While With Richard Baker. 10:00 World News. 10:05 World Business Report. 10:15 Seeing Stars. 10:30 A Taste Of Soul. 10:45 Sports Roundup. 11:00 News Summary. 11:01 Science In Action. 11:30 Londres Midi: News In French. 11:45 Mittagsmagazin: News In German. 11:59 Weather. 12:00 Newsdesk. 12:30 The Ken Bruce Show. 1:00 News Summary. 1:01 Play Of The Week: Damaged Goods. 2:00 Newshour. 3:00 News Summary. 3:01 Is It Worth The Risk?. 3:30 Anything Goes. 4:00 World News. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World And British News. 5:15 BBC English. 5:30 Londres Soir.

CHESS

A COMMON misbelief among weaker chessplayers is that the best chance of drawing with a stronger opponent is to exchange pieces at every opportunity. It is easy to see how the idea arises: when Kasparov or Karpov decide on a rest day then wholesale exchanges are often their chosen route to a level position which the referee and spectators can understand.

A weaker player's usual mistake in swap strategy is that he initiates each exchange and thus effectively gives up his own active unit for an undeveloped piece.

This week's game is my favourite mini-lesson in how to defeat a swapper, won by a great master with his own opening (Olaf Sterner, White; Isaace Boleslavsky, Black; Sicilian Defence, Boleslavsky variation; Sweden v USSR 1954).

1 e4 c5 2 Nf3 Nc6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 d6 6 Be2 e5 7 Nb3. 7 Nf3 is more promising. Be7

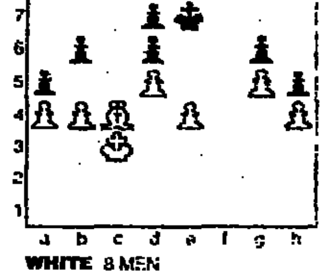
8 0-0 0-0 9 Be3 Be6 10 f4 a5. The key move which aims to gain queen's side space. Many Whites fall for the trap 11 a4 Nb4 12 Qd2? exf4 13 Bxf4 Nxc2 14 Qxc2 Qb6+ winning a pawn. If 11 f5 Bd7 12 a4 Nb4 with Bc6,Qd7,Rad8 and d5.

11 fxe5 dxe5 12 Qxd8? Rfxd8 13 Rfd1 Nb4 14 Rxd8+ Bxd8 15 Bd3 a4 16 Nd2 a3 17 b3 Ng4. While White has sought exchanges, Black's Q-side expansion has assured active squares for his pieces. If here 18 Bf2 Nxf2 19 Kxf2 Bb6+ and Bd4.

18 Bc5 Nxd3 19 cxd3 Rc8 20 Bb4 Bb6+ 21 Kf1. Or 21 Kh1 Nf2+ 22 Kg1 Nxd3+. Ne3+ 22 Ke2 Nc2 23 Resigns.

CHESS No 867

BLACK 8 MEN



WHITE 8 MEN

You are the adjudicator in this tournament endgame. Material is level, the position blocked. Does White (to move) win, lose or draw?

Solution Page XVIII

Leonard Barden

BRIDGE

TODAY'S hand comes from rubber bridge of moderate standard. Let us study A Little Learning:

	N	
	♠ A 9 5	
	♥ K J 7	
	♦ 8 5	
	♣ 7 6 5 4 2	
W		**E**
♠ 8 6 3 2		♠ Q J 10 7
♥ 3		♥ 9 4 2
♦ K Q 10 6 4		♦ 9 7 3 2
♣ A 10 9		♣ Q J
	S	
	♠ K 4	
	♥ A Q 10 8 6 5	
	♦ A J	
	♣ K 8 3	

With neither side vulnerable South dealt and opened the bidding with one heart, North raised to two hearts, and South bid four. West led the king of diamonds. There were nine top tricks. The declarer had read articles on elimination play, so he decided to draw trumps, eliminate spades, and throw West in with the knave of diamonds. He cashed the heart ace, but when he crossed to the king, West showed out. Disappointed at the 3-1 break, South drew the outstanding trump, and led the two of clubs. East produced the knave, the king covered, and West had the ace one down.

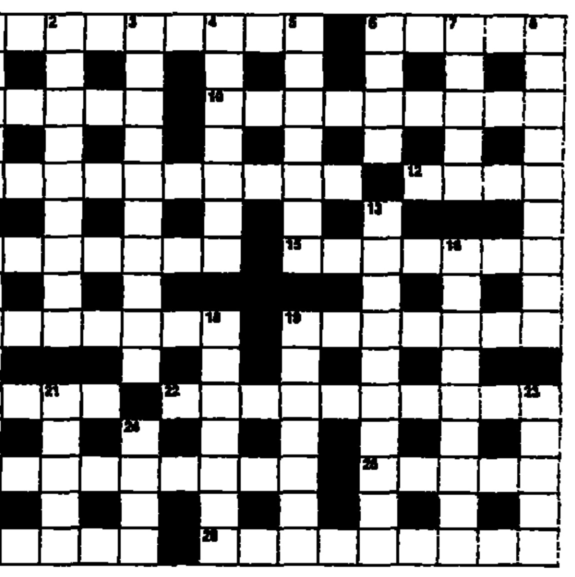
South gave up too easily, his knowledge of elimination play was imperfect. Complete elimination was, of course, not possible but there was still partial elimination. But had he read the bridge articles with more care, he would have known that it was still possible, if the conditions were favourable, even when all the trumps cannot be drawn. Partial elimination was operable because the victim-elect of the throw-in did not hold the third trump as an exit-card. South should draw just two rounds of trumps, cash king and ace of spades, ruff the third spade, and throw West in with the diamond knave. West must yield the 10th trick. A club sets up South's king, any other lead concedes the ruff discard. Of course, if West turns up with three hearts, the declarer draws three rounds of trumps, then leads a club, hoping that East holds the ace. Pope had the answer: "Drink deep or taste not the Pierian spring.".

E P C Cotter

CROSSWORD

No. 7,511 Set by DINMUTZ

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday April 17, marked Crossword 7,511 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday April 20.



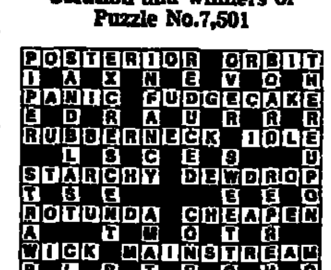
Name..............................

Address..............................

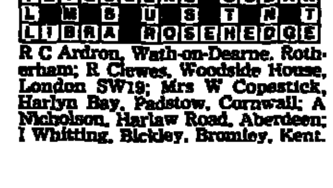
ACROSS
1 But players can sit in it! (9)
6 As delicate as the female crane, for example (5)
9 Mystery tour takes in river, here in Cornwall (5)
10 It gives more power to the elbow (5-4)
11 Napoleonic English national? (10)
12 Perfectly good headlight (4)
14 Gossip about party-member (7)
15 Main supports required by poor sailor? (3,4)
17 Pupil Mark takes short holiday in the interior (7)
19 Embarrassed by bloomer of Lancaster House . . . (3,4)
20 . . . as to disposition of grass seeds (4)
22 Devious middle-of-the-road feature? (10)
25 George up for gold crown, with arduous toil (9)
26 Bit of an obsession about night (5)
27 Produce a profit (5)
28 Racecourse that pops up at home, we hear (9)

DOWN
1 Butterfly seen in these pools? (5)
2 Nervous sort — another up for treatment (9)
3 Family at rest, not moving at all (5-5)
4 He has no bread for his round (7)
5 Obell drawn in anger? (7)
6 Lose sleep over fray? (4)
7 Main vessel in arterial network (5)
8 Mixed suet along with lobster? (9)
13 Keep on the beach (4-6)
14 Usual practice on a railway . . . (9)
16 . . . the weekly saver (9)
18 A minor shoot-out, you could say (7)
19 Given new rating, women join game of marbles (4-3)
21 Championship style? (5)
23 Night-burner that roars? (5)
24 Lost no time in the betting-odds edition (4)

Solution to Puzzle No.7,510



Solution and winners of Puzzle No.7,501



R C Ardron, Wath-on-Dearne, Rotherham; R Clewes, Woodside House, London SW19; Mrs W Copestick, Harlyn Bay, Padstow, Cornwall; A Nicholson, Harlaw Road, Aberdeen; I Whitting, Bickley, Bromley, Kent.

Playing for keeps: Tottenham chairman Irving Scholar (left) and team manager Terry Venables who is part of a consortium trying to take control of the debt-ridden club

Spurs 0, Midland Bank £10m

Peter Berlin and **Jane Fuller** examine what went wrong at a great soccer club

WHEN Paul Gascoigne kicks a football he can make it bend and dip. As it zooms towards the goal it appears to defy the laws of physics. But the men who own Gazza have found that even soccer clubs are bound by the laws of gravity that apply to ordinary businesses. Over the last year the bright, successful whizzkids who took over Tottenham Hotspur in a bold coup 1982 and planned to turn it into a money-spinning leisure group with the best football team in Britain at its heart, have met the humiliating fate of so many star-struck businessmen who became involved insoccer.

Tottenham owes Midland Bank £10m which can be recalled at any time (other liabilities may reach £8m). Its shares have been suspended at 91p since October pending refinancing. The team manager, Terry Venables, is in a consortium trying to take over the club.

Last Saturday the board of Tottenham had to endure a fate rarely suffered by directors of normal PLCs. As the team struggled to a draw at home to Coventry City the home fans started calling for the resignation of chairman Irving Scholar. "Scholar out" they chanted, and "We all agree Terry is better than Scholar."

The tale is familiar. Businessman enthusiasts are drawn in to lend financial support to their favourite club only to find their acumen deserts them when faced with the problems of the soccer world.

Mel Stein, Gascoigne's solicitor, who represents more than 40 professional footballers, says that successful businessmen who become involved in football clubs "don't apply the same principles that they use in business. They throw them out of the window."

An illustration of the difficulty of reconciling football with conventional business aims is the saga of Paul Gascoigne, England's World Cup star, the unstable genius who has become a national hero. In business terms, he is a valuable asset who can be sold for a premium price, which might never be achieved again. In football terms, a sale would be a disaster. The team revolves around him and the fans adore him. In spite of a groin injury, Gascoigne has carried Spurs to the semi-final of the FA Cup. The question is whether the revenue from his sale – Lazio football club of Rome has offered at least £7.25m – would compensate for the potential loss of footballing success and the club's main draw at the gate.

Gazza's advisers worry that, at 23, he is not ready for a move to Italy. Mel Stein, Gascoigne's solicitor, says that his client "felt like a piece of meat" as Tottenham and Lazio haggled over a price. Even so, Stein and Gascoigne's accountant Len Lazarus have negotiated personal terms with Lazio.

Stein said he thought Gascoigne would go abroad eventually "because all the best players do." If Spurs keep Gascoigne until his contract expires in 1993 they will receive only £2m in compensation if he joins another club. The fans believe Venables will keep Gascoigne, but Spurs may try to get just one more lucrative season out of him before selling him.

Those controlling the club have searched for other forms of refinancing, notably a rights issue. Last year, in secret and ultimately abortive negotiations, Irving Scholar, who holds 26 per cent of the shares, came close to a deal with publisher Robert Maxwell. Maxwell's Headington Investments would have acquired up to 50 per cent of Tottenham's shares in a deal worth £13m. The deal failed. Maxwell's affection for football clubs is so great that his family already controlled Derby County and Oxford United and had a stake in Reading. The Football League wanted these holdings reduced before he could take any more.

Scholar's clandestine behaviour brought him censure in a report commissioned by his fellow board members. He resigned as a director but remained the club's chairman.

Arguments about the transaction had already led to the removal of Bobroff as chairman last September, although he stayed on the board as holder of a 10 per cent stake. The revamped board, led by Nat Solomon, former chairman of Pleasurama, has been trying to organise a rights issue, but with Tottenham's financial weakness more fully exposed, the terms would have been much less favourable than those planned earlier.

In nine years, Tottenham has come full circle. In 1982 the club was struggling with debts of £4.4m, largely the result of miscalculating the cost of building a new West Stand. Bobroff and Scholar, two young property men, pounced to buy into the club and then masterminded a rights issue and flotation in October 1983.

Scholar, then 35, was a tax exile, experienced mainly in property deals rather than in running a company. Bobroff was chairman and managing director of Markheath Securities, the property group. Neither had run a club and both were part time with Tottenham

All great clubs carry the weight of their myths. Tottenham's is that it wins in style. When Scholar took over the club were living up to the ideal. But the run of success ended in 1984 with the club's UEFA Cup win and the resignation of team manager Keith Burkinshaw, who expressed disillusionment with the financial changes and diversification masterminded by Scholar and Bobroff. "There used to be a football club over there," he said as he left.

In 1985-6 crowds fell following the Bradford fire, the Tottenham riots and the Heysel stadium disaster which also brought a costly ban from European competitions.

Paul Gascoigne: adored by fans

Against this gloomy background Scholar and Bobroff dreamed of turning Tottenham into a diversified leisure group, with subsidiaries outside soccer smoothing the irregularities in the football club's cash flow, and providing income to build a great team and a great stadium. All they needed to do was find the cash cows which would supply this cash. In 1985 they launched Hummel (UK) to distribute sports and leisurewear. It turned out to be a poor decision.

The team revived in 1987 bringing back the crowds and reaching Wembley where the Tottenham myth was dented when the team lost in an FA Cup final for the first time, beaten by Coventry. The team's dour manager David Pleat, compounded this crime during the summer when allegations about his sex life began to appear in the tabloids.

At the end of September, Terry Venables was sacked by Barcelona. Within a month Pleat was forced out. During his playing days Venables had spent a spell at Spurs and been unpopular with the fans. Even so Scholar believed he was the man to carry the team to glory. Venables is a manager after Scholar's own heart. He is a streetwise Londoner who has made it to the top: a charming, quickwitted wheeler-dealer who acquired sophistication in his travels without ever losing his chirpy Cockney edge. His management record is flashy, but short on substantial achievement. His only top-level success is a Spanish championship at Barcelona.

When Venables arrived the latest figures told an encouraging story. The £1.4m cash in the bank in May 1987 had been boosted by the sale of Glenn Hoddle and Richard Gough. The figures flattered to deceive. The bulk of profit had come from an unrepeatable property sale – of the club's Cheshunt training ground for £5m – the football club's earnings were failing to cover spending on players and the ill-fated adventure into clothing was under way. The seeds of decline had been sown.

The company missed a chance for a rights issue as the bull market took the shares to 256p in July 1987. Interest had been gingered by the entry of Tony Berry, then chairman of Blue Arrow, who bought a 4 per cent stake, later increased to 8 per cent. Even so, the company pressed on in three expensive directions: expanding non-sporting activities, redeveloping the East Stand and rebuilding the football team.

It bought the Martex ladieswear and Stumps sportswear businesses for an initial £2.5m in December 1987 to run alongside Hummel. But the property men proved less astute in other fields of business. Although non-footballing activities helped inflate turnover from £5.7m to £28m between 1985 and 1990, their net contribution to profit was small even before the recession. In 1989-90, clothing losses reduced a £2m trading profit on football by about a third.

The development of the East Stand in 1988 became a grim replay of the West Stand project. The £4.8m budget nearly doubled to £8.7m after a series of muddles.

The third outflow, on players, proved the simplest to stop – to Venables' chagrin. By August 1989 his purchases, including Paul Gascoigne and Gary Lineker, totalled nearly £9m The balance was largely redressed by the £4.5m for Chris Waddle and other sales.

Tottenham had appointed a new chief-executive, Bob Holt, formerly of Blue Arrow, in March 1989 – about the time that Berry ceased to head the employment agency. Holt resigned in May 1990. At the same time, Bobroff was steering Markheath to success in a hostile bid for Camford Engineering. This left Scholar effectively in charge of Tottenham. With the kitty empty and Barcelona demanding the last-est instalment of Lineker's transfer fee, he embarked on his personal mission to refinance through the attempted deal with Maxwell.

In the months that have followed Tottenham have rarely been off the business pages. Behind the scenes, the Venables consortium has been trying to establish how much it will cost to persuade Scholar, who once seemed star-struck with the team manager, to surrender his hold on the club that, at times, has seemed like his personal, grown-up Subuteo set.

The consortium bid is being orchestrated by another property man, the shadowy Larry Gillick, and by the Tranwood Earl finance company. Should it succeed, Venables would become general manager. After a life in soccer, the troubles that beset the club and have defeated the entrepreneurs on the existing board, would severely test of his business acumen.

Wayne takes a tasty tip

Michael Thompson-Noel

I WAS sitting in a trendy Notting Hill fish restaurant yesterday when the slim shadow of Wayne Talent fell across the noon-dappled table and Wayne himself – 27-ish, gaunt, groomed, plausible, with teeth as white as aspirin – plonked himself beside me, ordered crab claws, and started to grill me about to-day's Grand National.

"A street guy like you, Mike. Always in the know. Stands to reason, dunnit? Definitely a shrewdie. Cards close to your chest, though. No-one pulls the wool. Wasn't born yesterday. Nor in a stationery cupboard. See 'em all coming. Water off a duck, Mike. Water off a duck. So what about the National? What's your considered? Fancy Garrison Savannah? How about Yahoo? Never been the same since second to Desert Orchid in the '89 Gold Cup, but 33-1's alluring.

"Then there's Seagram. Not a bad handicapper. Solid as a rock. Or what about Rinus? Lotsa money for Rinus. Reckon he's the one? Or good old Mr Frisk, last year's Aintree winner. Gone up in the weights, of course. Stands to reason, dunnit? But his jockey's definitely tasty. They're quoting 20-1 but for him I'd take 8's. What's your opinion? Where're you putting your money? Street guy like you. Water off a duck, Mike. Seen it all before. Fancy one of these claws?"

HAWKS & HANDSAWS

In case you haven't guessed, Wayne is the younger brother of Keith Talent, the darts-playing, woman-bashing, skiving, cheating, west London racketeer of Martin Amis's novel, London Fields. Keith has been missing from his haunts off the Portobello Road since last November when the police took him into custody for rigging a darts tournament. (What Keith didn't know was that the tournament was rigged already. When Keith in turn rigged it, causing it to become unrigged, the first lot of riggers called in the police – whose darts team, as it happens, was meant to have been the beneficiary of the original rigging).

Wayne doesn't play darts – has virtually nothing in common with his criminal brother and claims he has never heard of Martin Amis. Whereas Keith likes a glass of porno (a Trinidadian liqueur) in the Golgotha drinking club, Wayne never drinks. He never cheats, is not a criminal, is always expensively dressed and is not a womaniser, quite the opposite. He runs a firm called Mayfair Moke, which offers highly specialised services.

The only thing the brothers share is a fondness for betting, but even there they differ. According to Martin Amis, Keith used to earn three times as much as the prime minister but never had any money, losing heavily each day at a Portobello betting shop owned by Mecca. Wayne, on the other hand, earns five times John Major's salary and tends to hold on to it, being almost as shrewd a follower of the horses as I myself.

"Wayne," I said yesterday, "you know I don't like steeplechasing. The Grand National is cruel – carnage dressed as sport. It is watched by tweeded twerps and sponsored by a Canadian drinks company that ought to know better. It kills horses, doesn't it? It is primarily a betting thing: an adrenalin-pumping flutter.

"Sport, my eye. If I had a say in things, jump-racing would be banned. We would make do with Flat racing, which is perfectly exciting and doesn't smash the horses. But no-one seems to care."

"I remember now," said Wayne. "You wrote an article a year ago: 'The Killing Game,' wasn't it? Very powerful stuff. Then the Sporting Life savaged you. Really put the boot in. Said you were a nutter. Did you sue 'em for every penny? Take 'em to the cleaners? Water off a duck, Mike. Water off a duck. You with all your street cred."

"No, I didn't," I told him. "I am a lot bigger than they are. They are a sorry little bunch. It was a give-away, their reaction – the perfect indication that I had hit them where it hurts. The Grand National is indefensible. Eventually, it will be banned. We will still have all-year racing, but the jumps will have to go. If a single horse smashes a leg, back or neck at Aintree today – is shot by the vet and dragged away by the knacker – I shall spit at the TV screen and curse them all to hell."

"But the Grand National is part of our 'eritage," said Wayne, smiling at me cleverly and ordering a cup of tea. "An echo from the dawn of history. Fighting back the Romans. Morning mists and lark-song. Daffodils and sunshine. The smell of spring grass. Roast beef and Yorkshire pudding. Dunkirk revisited. Land of hope and glory. The ultimate sporting challenge. Existential, really."

"Wayne," I said, "you are starting to sound like Brough Scott, and that can be very, very tiresome."

"But you must have studied the big-race form," he said. "What's your tip?"

"As I won't be going near Aintree, I probably won't have a bet," I said. "Bets at the track are free of betting tax whereas bets in betting shops are subject to such huge rake-offs that only mugs do it, mugs like your brother. No wonder he was penniless. Even you, Wayne, must lose a fair amount, though you'd never admit it – losers never do."

"Give us a clue, Mike. Rinus or Yahoo? Or Garrison Savannah? Or good old Mr Frisk and his very tasty jockey?"

"Hundreds or thousands?"

"Thousands, of course. Who do you think I am? With friends like you, who'd mess with hundreds? Water off a duck, Mike. Fabulous street cred. Nice crab, innit?"

"All right, Wayne," I said. "Here's what you do. First, make sure your bets are placed at the racecourse. I'll give you a number: a friend of mine in Worcestershire. Then, bet £3,000 each way on Bonanza Boy at around 8-1. Put £2,000 each way on Docklands Express at 20-1, and finish off with £1,000 to win Mr Frisk at 20-1 and £2,000 to win Rinus at 6-1 or 7's."

"Cheers, Mike," said Wayne. "Absolutely brilliant. Water off a duck, Mike. Water off a duck."

A pin-up who acts his age

*Sean Connery talks to **Nigel Andrews** about his long and unconventional film career and the offbeat heroes he likes to play*

SEAN CONNERY, wearing a black polo-neck sweater and green corduroy suit during a visit to London, looked like a cross between Robin Hood and the mystery lover of the Milk Tray television adverts. No image could be more apt. Robin Hood – the older, gentler Robin of Richard Lester's 1976 Robin And Marian – was Connery's first breakaway character-acting triumph after the James Bond years. And the dark-clad adventurer who used to swoop from helicopters to leave chocolates on lady's pillows was one of the media's first blatant plagiarisms of the 007 image.

Add a beard grown for his film The Russia House and two roguish eyebrows and one sees why Connery is still the most charismatic star Britain has produced in this generation. Since breaking with Bond, he has managed the transition from male pin-up to prize-winning actor. He won an Oscar for The Untouchables and a BAFTA award for The Name Of The Rose. And lifetime achievement honours are already converging on an actor who has never been afraid to play his true age, or even beyond. He was, in recent movies, Dad to both Harrison Ford and Dustin Hoffman, each old enough to be his brother. Next week he returns to our screens as a 500-year-old Spanish metalurgist in time-hopping Highlander II.

"I've always taken parts that attracted me. The age factor has never been a consideration – 'Is he young or old?' I just ask: would playing this character be stimulating for me?

"I love roles that take the idea of the hero and re-examine it. That was the fascination of playing Robin Hood as an old man. He wasn't bright, he was quite childlike. But what the film said was: you don't have to be intelligent to be a hero. With The Untouchables, my character, Malone, became heroic, but he started as a humble policeman on a beat. I had to build a character who could go through that psychological minefield. He had been at his job too long, it was getting near pension time – the seeds of heroism were there, but it took events to bring them out.

"The same with The Russia House. The man I play has got nothing but his bottle of Bells: he's a drunk, he's a failure in his family publishing business. But he's fond of Russia, and he knows when to make a vital choice. He has heroic portions even he's not aware of."

The arc of Connery's career runs parallel to the cinema's own growing-up trajectory since the '60s. Simple heroes, and actors who changelessly played them, have yielded to today's chameleon superstars like Hoffman, De Niro, Meryl Streep, and Connery himself.

"What's happened in acting today is that as we evolve – I'm talking of human beings at large – we uncover much more in terms of libido, psyche, our darker sides.

"Everything before was in black-and-white, very simplistic. But over a long time audiences have been exposed to film-makers like Bergman and we've graduated to a much more sophisticated outlook. Actors today are following this trend, and if they're successful they've earned the power to take chances. Of course they can fall flat on their faces, as Streep and Nicholson did in Ironweed. But audiences allow for that: there's more adventure in the air.

"It's a change that's happened in the last ten, 20 years. The Bond films back in the '60s were very much of their time, even though nobody anticipated their success. The Ian Fleming books were written in a very simplified style. All I and the directors did was add a sense of humour that was lacking, and a quality of effortlessness. Which doesn't mean it wasn't hard work just to achieve that appearance of ease.

"What was limiting, and it was a reason I gave up the Bonds, was that there was no 'curve' dramatically. If you compare, say, From Russia With Love to The Russia House, what you have in the Le Carré story is a man who starts out as a gelding, a write-off, and becomes heroic. It moves from A to Z. But in the Bond films the hero never changed. He was presented with a lot of international problems and after the usual skirmishes, in and out of bed, he solved them."

The greatest pleasure in watching Connery on screen today is the physical delight he take in his roles. Not just the rangy physique, belying his 60 years, but the gestural detailing of his performances: like the way his policeman in The Untouchables plays with a gold medallion in an early scene as if it were a secular rosary.

"That was my idea, just as it was my idea to set that scene in a church. But if you have a good director like Brian De Palma, he allows you to come up with things.

"But the whole physical side of acting is important to me. I had a movement teacher who worked a lot in the theatre, on plays like The Royal Hunt Of The Sun. If a stage production is done correctly, you should be able to understand 50 per cent of what is happening even if it's going on behind a glass screen. Same in cinema: the actions and gestures should say as much as the words, whether it's the dance-like movements of Daniel Gravit in The Man Who Would Be King or playing Robin Hood when he was an ageing boy scout with cranky knees."

Successful acting lives always seem to have a grand design. But Connery denies that he has any controlling overview on his own career. "You can never foresee which way things will go. The Name Of The Rose, for instance, was a smash hit in Europe, making over $100m [£56m at present]. But it did almost nothing in America, just $2m. There's no way to know, except by making your own mistakes."

Even so, a special providence has allowed this actor to work with just about every major director in the business. Sidney Lumet (The Hill), John Huston (The Man Who Would Be King), Fred Zinnemann (Five Days One Summer), Steven Spielberg (Indiana Jones And The Last Crusade). Even, long before Connery did his matinee-idol-to-mature-actor switch, Alfred Hitchcock.

"That was Marnie," Connery grins, bemused by the cult status this thriller, a flop in its day, has for today's moviegoers. "Guys like Spielberg and George Lucas are mad for it. When we were making Indiana Jones they kept talking about it. They knew more about the film than I did, and I made it!"

But Hitchcock's genius was for visuals, wasn't it? He treated the actors, we're always told, as cattle.

"He let the actors get on with it. He would just give you the odd hint. "Take it slower', or "Put in some dog's feet – pawses." But yes, he was a art director originally, and he loved cocking a snook at what people thought could and couldn't be done on screen. That painted backcloth of the ship at the end of the dock street in Marnie – ridiculous! But it worked."

Like Connery, Hitchcock was a Brit who fled to the land of milk and honey called Hollywood. The cinematic brain drain continues and shows few signs of abating. Is there a cure – will there ever be – for the British film industry?

"Film funding in this country has got to be totally apolitical," declares Connery. "You need £50m to start off with, then you need someone like Norman Tebbit in charge who'll go straight for the jugular; cut through the bumf and nonsense that gets talked and the artsy-fartsy stuff. Right?"

I'm not about to disagree.

"Then you make it a business with shares, that anyone and everyone can invest in. And you have a ten-year perpetuity for actors, writers, producers, directors and everyone involved in it: with tax concessions within that structure. So they can go away and come back to it. The industry would own all the negatives and everything that emanates from the work.

"Cinema is a billion-pound industry. We have actors, actresses, technicians, writers here on a par with anyone in the world. But there's no direction, no management. It's as simple as that."

■ Dominic Lawson and Christian Tyler are on holiday.